FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,194 Tuesday June 17 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pts 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

GENERAL

Venice summit row in Commons

Mr. James Callaghan accused Mrs. Thatcher and other EEC leaders of creating "another powderkeg" in the Middle East.

The Venice summit's decision to associate the Palestine Liberation Organisation with peace negotiations and to call for Palestinian self-determination had been a serious and mistaken change of policy, said the Opposition leader.

In her Commons statement about the summit Mrs. Thatcher said: "The diplomatic activity which the Nine will undertake over the next few months is intended to be complimentary to the Camp David process." Page 10

Wooing Hussein

President Carter has pledged to use all his powers of persuasion to draw King Hussein of Jordan into the U.S.-sponsored Middle East peace process when the two meet in Washington today. Page 3

Budget talks

The EEC Council of Ministers will meet representatives of the European Parliament today for talks aimed at securing a budget agreement for the Community by the end of the month. In Luxembourg new attempts opened to negotiate a common fisheries policy. Page 2

Siege death

A siege in Birmingham ended in death when Derek Latham, aged 25, killed himself after keeping police at bay for three hours with a double-barrelled shotgun. The trouble began with an argument about a taxi [illegible].

Transport report

London Transport agreed to publish a highly critical report of its management structure on the same day that it defeated in the High Court a move to make its financial accounts more open to the public. Page 3

Soweto protest

Thousands of black and coloured South African workers stayed away from work on fourth anniversary of the outbreak of Soweto riots. A white policeman was stabbed to death in Cape Town during a baton charge in a black township. Page 3

Talks on islands

Britain and France are to meet this week to discuss the dispute over the New Hebrides. Lord Carrington, the Foreign Secretary, told the Lords he was puzzled by the row over Britain's decision to send marines to the islands. Back Page

Martial law

Egypt is to reimpose martial law in its western desert region because of what it sees as a growing threat from the Libyan regime of Col. Muammar Gaddafy.

Biased opinions

A woman was released from jury service at Croydon, Surrey, because she said she was biased against young people, coloured people, and shops for allowing people to steal from them.

Briefly

Man was killed and three others were injured by a blast on a grain elevator in Glasgow's dockland.

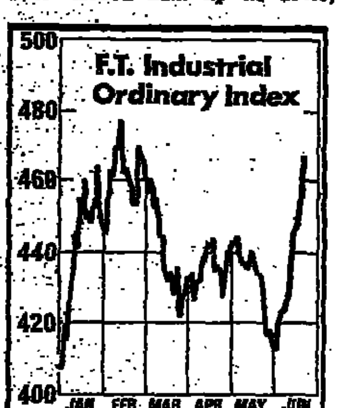
Murder hunt was launched after Tina Marie Sellars, 18, was found assaulted and strangled in blazing house in Burton-on-Trent.

Doctors advised Barcelona of abandon transfer deal for Trevor Francis of Nottingham Forest because of doubts about his fitness.

BUSINESS

Equities up 11.1; Gold off $12

● EQUITIES: the FT 30-share index closed 11.1 up at 467.6,



its biggest single-day rise for five months. Page 36

● GILTS gains extended to over 2 points, and the Government Securities index advanced 1.17 to 69.58. Page 36

● GOLD lost $12 in London yesterday to close at $595. Page 29

● DOLLAR improved on firmer Eurodollar rates to DM 1.7660 (DM 1.7555). Its trade-weighted index was 83.1 (83.0). STERLING eased 10 points to $2.3410, and its index was 73.9 (73.6). Page 29

● WALL STREET was 1.70 up at 878.07 before the close. Page 30

● IRAN has transferred back to Tehran all its gold stocks unaffected by the U.S. freeze on its assets. The Iranian Central Bank has issued instructions for a "significant" amount of its foreign exchange reserves to be moved back to Britain. Back Page. Other Iran News, Page 3 and 6

● HIGH-SPENDING local authorities could be penalised by millions of pounds a day if brokers refused to place money with them, a senior Stock Exchange member said. Page 7

● INDUSTRY Secretary Sir Keith Joseph acknowledged that financial aid could help encourage worthwhile industrial ventures, in a statement marking a considerable shift in attitude. Back and Page 8

● MK ELECTRIC'S group managing director Gordon Hazzard has resigned after what he described as "differences in both policy and style." Back Page. Results, Page 22

● ITALY'S Foreign Trade Minister Enrico Manca has called for the hardline on trade with the Soviet Union to be eased. Page 6

LABOUR

● LESNEY Products, makers of Matchbox toys, plans further redundancies and a boardroom reshuffle after announcing a £3.6m loss for 1979 against a profit of £5.1m. Back Page Results, Page 22

● BRITISH Steel Corporation and trade unions have agreed a further 870 redundancies at Shotton steel works in North Wales. Page 8

● INSURANCE company Legal and General faces disruption from today, after a decision by union delegates to begin industrial action over pay. Page 10

COMPANIES

● HAMBROS, the banking and insurance group, lifted after-tax profits for the year from £7.12m to £9.83m and boosted the dividend to 16.5p net (10.924p). Page 22, and Lex, Back Page

● DAWSON International, the luxury knitwear and textile products group, raised pre-tax profits for the year by £1.98m to a record £18.24m on turnover of £159.21m (£135.08m). Page 23, and Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Exch. 13¼pc 1987	£100½xd	+ 3
Exch. 13¼pc 1994 (£40 pd.)	£42	+ 1¼
Baker Perkins	78	+ 5
Barclays Bank	395xc	+ 18
Bass	232	+ 7
British Home Stores	294	+ 12
Dawson Int.	107	+ 6
Dowty	201	+ 10
ERF	68	+ 7
Ferguson Inds.	94	+ 8
GEC	385	+ 14
Glaxo	226	+ 10
Hambros	456	+ 33
Hawker Siddeley	204	+ 10
ICI	386	+ 10
Mercury Secs.	183	+ 13
Midland Bank	378	+ 16
Newarthill	255	+ 40
Northern Foods	141	+ 7
Pilkington	223	+ 17
Polly Peck	88	+ 12
Portals	341	+ 44
Racal Elec.	264	+ 10
Smiths Inds.	208	+ 12
Stewart Wrightson	218	+ 13
Thorn EMI	294	+ 12
Trusthouse Forte	190	+ 11
Unigate	127	+ 7
Vosper	160	+ 25
WGI	110	+ 18
BP	380	+ 10
Candecca	180	+ 16
Silkolene	200	+ 18
Gopeng Cons.	420	+ 35
Selection Trust	684	+ 14
FALLS:		
Davis (Godfrey)	142	− 11
Lesney	15	− 3
Sidlaw	96	− 10
Wharf Mill	33	− 10½
Ventersport	694	− 31

Private stake in £1bn North Sea pipeline planned

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT plans to announce on Thursday the go-ahead for a North Sea gas pipeline network costing between £1bn and £1.5bn. This will be the start of a programme to increase private shareholding in the energy industries.

Under plans being formulated by Mr. David Howell, the Energy Secretary, all the State-owned energy corporations face major changes and, in some cases, loss of monopoly privileges.

British Gas Corporation is to have only a minority stake in the gas-gathering network. More than half the investment, the Government proposes, will be drawn from a consortium of offshore gas producers such as British Petroleum, Shell, Esso and Mobil; major gas-users; and financial institutions. Several potential investors have expressed their willingness to be involved in the project.

An organising committee is to be established to formulate the structure of the new consortium, which will build and operate the 400-mile pipeline system, one of the most ambitious projects undertaken by the offshore oil and gas industry.

The Government hopes that the 36 inch diameter pipeline, linking more than a dozen UK fields, will be in operation by 1984-85.

Although the Government is giving its blessing to a British gas collection system, it has not ruled out the possibility of linking the network with a Norwegian pipeline.

It is understood that BP has prepared outline proposals for a more ambitious pipeline network connecting British and Norwegian fields.

Though British Gas Corporation has told the Government that it would like to be the operator, or lead company, for the UK gas-gathering network, it is far from certain whether this idea will be accepted by Mr. Howell.

He is already looking at ways of reducing some of the Corporation's interests.

Ideas being considered include introduction of private capital into some or all of British Gas's oilfield interests; they include parts of the Beryl, Montrose, Fulmar, and North-West Hutton reservoirs.

The Government is considering breaking the Corporation's monopoly right of supply, and allowing big gas-users to arrange their own deals with producers.

The British National Oil Corporation is likely to be the first State energy undertaking to have its structure altered.

Mr. Howell is expected to announce within a few weeks changes to be introduced in the next Parliamentary session. These will include injection of private capital into BNOC and probable splitting of the trading and operating interests.

It is possible that the Government will adopt a hybrid formula for BNOC's capital restructuring, involving both sale of shares and offer of oil savings bonds to small investors.

In the longer term Energy Ministers consider allowing new private electricity companies to compete with a State supply undertaking.

In the meantime the Department is putting finishing touches to a plan that is likely to include closer co-ordination between the Central Electricity Generating Board, the electricity supplier, and the Electricity Council and area boards, the electricity-sellers.

Private capital may also eventually be invited into the whole or part of the National Coal Board's interests.

Under the Coal Bill, which comes before the Commons for a Second Reading today, the Government is setting the Board a target to break even by 1983-84.

In the financial year just ended the NCB broadly broke even only after receiving operational and regional grants totalling £255m.

Oil rig order, Page 8
Editorial Comment Page 20

Cracks show in Labour compromise on reforms

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S COMPROMISE package of proposals for altering the party constitution was fraying at the edges last night and showing signs of coming apart by the party conference this autumn.

The disagreement looks like surfacing again when the commission of inquiry meets on Friday to discuss the precise composition of the proposed new electoral college which would select the party leader and endorse the party's election manifestos.

If the Left fails to get its way, it is almost certain to produce a minority report to put to the annual conference which, ultimately, will have to decide the fate of all the constitutional proposals recommended by the commission.

The package was bitterly attacked by hardline Right-wingers, as well as Left-wingers, despite the view Mr. James Callaghan, the party leader, that it represented the best available compromise and that the unsatisfactory parts of it could still be removed with the help of the unions.

The package, agreed after 18 hours of weekend talks, resulted in a clear victory for the Left on the question of the mandatory reselection of MPs, and what was beginning to look like an increasingly significant tactical victory for Mr. Callaghan, on the issue of who should have the final say on the contents of the party manifesto.

Both sides had to accept a measure of defeat in agreeing to the proposal for the new electoral college drawn from all parts of the Labour movement.

But yesterday, the signs were that neither side was prepared to accept defeat and that both would be trying to reverse the decisions which went against them.

Mr. Terry Duffy, president of the Engineering Workers Union, which has a 1m block vote at the party conference, said his union would vote against plans to make MPs go through reselection procedures. He was confident other unions would do the same.

The shadow Cabinet met last night to hear Mr. Callaghan's views on the commission's decisions. Right-wing shadow ministers were set to attack the package and call for its total rejection — even though Mr. Callaghan was one of the commission members who reluctantly agreed to the electoral college as a means of fending off a proposal which would have benefited the left even more.

Earlier yesterday, Mr.

Continued on Back Page
Parliament Page 10

Ferranti shares may be split up

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS are believed to be accepting the view that the National Enterprise Board's 50 per cent stake in Ferranti should be offered for general sale rather than in a block to the highest bidder.

The terms of the sale have yet to be decided. An announcement of the Government's intentions could be made by Sir Keith Joseph, the Industry Secretary, in tomorrow's Commons debate on Ferranti.

Some key Ministers and some members of the NEB were known to favour a sale to GEC or another rival group to obtain a premium on the current market price, and to aid the formation of a larger UK electronics group to compete with Continental and multinational rivals.

But there has been growing pressure from within the Government and on the Conservative back benches for a formula to be found to maintain Ferranti's independence and the scale of its organisation and workforce.

A meeting of Ministers involved is expected before the Commons debate. A decision in principle could be made then.

One of the factors in the argument has been the preservation of jobs. Tory MPs are concerned at the prospect of a forced merger, which would inevitably mean rationalisation and loss of employment.

Scottish MPs in particular have been lobbying Ministers for the retention of the company's independence to maintain jobs. The company employs more than 7,000 people in its 10 Scottish factories.

Mr. Michael Marshall, a junior Minister at the Department of Industry, was asked in the Commons yesterday whether the Government proposed to limit the size of applications for Ferranti shares to enable members of the public, particularly small investors and Ferranti workers, to acquire an interest in the company.

Mr. Marshall said in a written reply the NEB was required under its draft guidelines to dispose of all its shareholdings "having regard to the interests of the company and the taxpayer and to such other considerations as the Secretary of State may draw to its attention."

Sir Keith was still considering what advice he might give to the NEB about the disposal of its Ferranti shares, he said.

The electronics group has been one of the major successes of the NEB, which rescued the company from the brink of collapse six years ago.

CONTENTS

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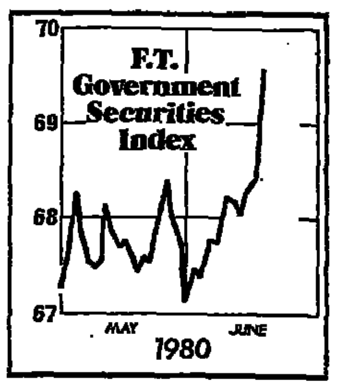

New tap stock sells out

By Peter Riddell, Economics Correspondent

GILT-EDGED stocks yesterday showed their biggest single-day rise since last November after the £1bn 1994 tap stock had quickly sold out in the morning.

Brokers reported strong demand, underpinned by better-than-expected trade figures, throughout the day. This led to a rise in short-dated prices of up to £2¼ while prices of longer-dated stocks rose by up to £1¾.

The result was that the FT Government Securities index rose by 1.17 points to 69.58, its highest level this year. There was also a response in equities, and the FT 30-share index jumped by 11.1 points to 467.6.

Some of the largest gains were in the 1994 stock, which rose £1¾ during the day to £42 in its partly-paid form after being sold out at £40⅛. A sell-out had seemed likely since late on Friday, and up to £300m in cash, or £750m nominal, may have been sold yesterday.

The main reason for the sharp rise in prices is the hope of an early fall in interest rates. There is no indication yet of any change in the Government's current cautious approach of waiting for clearer evidence of a slowdown in monetary growth before cutting Minimum Lending Rate.

Brokers reported unusually heavy demand from abroad, notably from U.S. banks and institutions, some of which have not previously been active in the London market. This follows the marked fall in bond yields in both the U.S. and the Continent in recent weeks.

It has emphasised the attractions of the relatively high

Continued on Back Page
Lex Back Page
Editorial Comment Page 20

$ in New York

	June [illegible]	Previous
Spot	$2.3455-3470	$2.3365-5375
1 month	1.70-1.60 dis.	1.70-1.65 dis.
3 months	4.66-4.46 dis.	4.52-4.46 dis.
12 months	10.75-10.55 dis.	10.20-10.05 dis.

First trade surplus for ten months

BY DAVID MARSH

BRITAIN'S BALANCE of payments on current account showed a surplus last month for the first time since July 1979.

The current account for the year as a whole is still expected to be in deficit.

But with the onset of recession reducing demand for imports, and higher prices boosting value of North Sea oil exports, the underlying trend has improved substantially in the past few months.

As a result, the Government's forecast of a deficit of £2.75bn for the whole of 1980 now looks too pessimistic.

According to provisional figures published yesterday by the Department of Trade, the current account recorded a seasonally-adjusted surplus of £32m last month, compared with a deficit of £214m in April.

The visible trade deficit was £18m, the lowest since October 1978, compared with £264m in the previous month.

Exports were up, to £3.97bn from £3.88bn, while imports fell to £3.99bn from £4.15bn. Part of the reason for the decline in value of imports was the strength of sterling on invisibles —services, interest, profit and dividend remittances and transfers—is estimated to be running at £50m monthly, slightly down from the level earlier this year.

Britain recorded a deficit of £10m in trade in oil last month, but a surplus of £29m in the three months March to May. This is the first quarter for which this has happened.

The UK has profited from this year's surge in international oil prices by reaping a 19 per cent increase in the average value of North Sea crude oil shipped during March to May, compared with the previous three months.

The price of crude oil imports went up by less, only 14 per cent, reflecting the higher quality of North Sea oil.

A favourable influence on last month's current account was a reduction in the deficit in silver trading to near-balance compared with April's unusually high deficit of nearly £150m.

The steel strike, which ended more than two months ago, is still thought to be having an adverse effect on the trade figures.

This is put at £110m for May, caused largely by iron and steel re-stocking from abroad, as well as lower shipment of these products from the UK while the steel industry works up to normal output levels.

Large movements in silver resulting from this year's speculative fever on the bullion markets have been one of the reasons behind the recent erratic performance of the trade figures.

The Department of Trade

Continued on Back Page
Table Page 8

BALANCE OF PAYMENTS CURRENT ACCOUNT

£m seasonally adjusted

		Visible trade	Invisibles	Current account
1979	1st	−1,588	+420	−1,168
	2nd	− 486	+129	− 357
	3rd	− 493	+410	− 83
	4th	− 745	+ 34	− 711
1980	1st	− 723	+306	− 417
	Mar.	− 176	+102	− 74
	Apr.	− 264	+ 50	− 214
	May	− 18	+ 50	+ 32

Source: Department of Trade

Sony sales up 48%

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

SONY CORPORATION, the Japanese electrical company, pushed up the value of its sales by nearly 50 per cent in the first half of the financial year, as business overseas jumped by 71 per cent.

Net profits for the six months to April 30 increased by 342 per cent to Y34.9bn ($161m), but the comparison is distorted by the effect of the U.S. Federal Accounting Standard guideline applying to foreign currency translations, which more than halved the equivalent figure a year ago. Operating profits rose by 96.6 per cent to Y67.9bn.

Sales, led by TV sets and video tape recorders, were up 48 per cent at Y436bn (just over $2bn), from Y294.2bn.

For the full financial year, Sony forecasts that sales will reach Y850bn, against Y643.5bn in 1978-79, and net income about Y60bn (Y17.7bn).

The company expects to sell 2.4m television sets this year against 2.05m last year, with sales of videotape recorders rising from 550,000 to 800,000.

The interim dividend has been raised from Y12.5 a share to Y15.

Details Page 28
Lex Back Page

EEC COUNCIL OF MINISTERS LOOKS FOR RECONCILIATION

MEPs' backing sought on budget

BY JOHN WYLES IN BRUSSELS

THE EEC Council of Ministers will meet representatives of the European Parliament today, for a delicate negotiation aimed at securing a constitutionally agreed 1980 budget for the Community by the end of the month.

Since the Parliament unexpectedly rejected the Council's draft 1980 budget last December, a number of major political obstacles have until now prevented any attempt at reconciliation between the Community's two budgetary authorities.

But last month's package settlement of the British budget problem, and agreement on a 5 per cent increase in farm prices, have paved the way for today's meeting. Both sides will be driven by a desire for rapid adoption of a 1980 budget, but neither wishes to make too many sacrifices of principle.

Whatever the outcome however, the Nine's Finance Ministers will decide later in the day the shape of a draft budget which will be presented to the Parliament in Strasbourg tomorrow.

Essentially, Ministers will be sounding out the parliamentary delegation, led by its President, Mme. Simone Veil, on the possibilities of short-cutting normal procedures so that a 1980 budget could be adopted by the Parliament at a special session to be held in Luxembourg at the end of next week.

Normally, the Parliament amends budget proposals submitted by the Council. The Council then accepts or rejects the amendments before passing the draft back to the Parliament. This procedure could well delay adoption of the budget until well into July.

The original rejection of the budget was prompted by the Council's refusal to accept parliamentary amendments making a token cut in agricultural spending and increasing by about £430m regional, social, and other spending.

Although the Parliament demonstrated clearly last month that it has lost any enthusiasm for reform of farm spending, the delegation is expected to argue that the Council should endorse the Commission's proposal to raise non-farm spending by £245m more than in the rejected budget.

Full endorsement by the Council is, however, unlikely, because the Commission's proposals include provisions for more staff, which member-Governments refuse to accept. But Ministers may well be ready to bargain if they believe the parliamentary delegation can deliver swift endorsement of a broadly agreed budget package.

Since December, the Community has been operating under an emergency budget system which is starting to creak under the strain of trying to meet the needs of the farm policy. It has also prevented payment of full expenses to Euro-MPs.

The Commission's draft being considered by the Council today is broadly the same as one tabled in February, but it has been amended to take acount of the farm price settlement and to include £183m for special spending in the UK. This is an advance on the £717m to be returned to Britain under last month's agreement and most of which will be made available in the EEC's 1981 budget.

The new draft contains appropriations for commitment totalling £10.97bn (17.994bn units of account), some 16.6 per cent more than in 1979. Appropriations for payment total £9.92bn (16.24bn units of account), 12.58 per cent higher than last year. Agriculture will consume 73.4 per cent of all payments, compared with 74.5 per cent in 1979.

Ministers strive to meet fish policy deadline

BY MARGARET VAN HATTEM IN LUXEMBOURG

MINISTERS responsible for fisheries policy, met here yesterday to pick up the threads of the European Community's long-standing fisheries dispute in the hope of meeting the year-end deadline set by Foreign Ministers last month for concluding a foreign fisheries policy. But, although it is understood that the EEC Commission will present its 1980 quota proposals next month in an attempt to focus the discussion, there was little early sign of progress.

Britain repeated its well-rehearsed argument that since 60 per cent of EEC waters come within the UK's 200-mile limit, it has a right to most of the Community's fish. There could be no agreement on fishing quotas until the question of access to "British" waters was settled.

West Germany, however, insisted that the deadline set by Foreign Ministers was no mere statement of intent and had to be met. Although the West Germans have a secondary interest in fishing in Community waters, they are anxious to reach an internal settlement so that agreements with third countries, such as Canada, can be concluded.

The Commission has proposed that Canada be given preferential access to EEC markets for an extra 8,000 tonnes of frozen cod a year, on top of the 10,000 tonnes already provided for in GATT. This is almost four times as much as the EEC was originally prepared to offer and has been increased in response to a Canadian offer to allow the Community to increase by 36 per cent its catch in Canadian waters.

The problem is that most of the Canadian cod would come to the already depressed UK market, while most of the extra Canadian fish on offer would be caught by West German fishermen.

However, the Canadian problem is secondary to that of access to UK waters where British opposition to French and Danish claims has blocked progress for nearly four years. Yesterday's Council was not expected to make much progress on this point, merely to reopen doors so that Ministers can get down to the detail at the next Council, scheduled for next month.

Multinationals may be forced to reveal more

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

ALL NON-EEC multinational companies operating in Europe would be required to disclose detailed financial and other operational information to their employees under draft EEC legislation which is being considered at the European Commission. The initiative, which has been launched by Mr. Henk Vredling, the Social Affairs Commissioner, is expected to be presented in draft form before the end of July.

The Commission's objective is to translate into legal form many of the voluntary provisions contained in the OECD's disclosure guidelines for multinational companies issued in 1976. It is also partly based on work in this area by the United Nations Centre for Transnational Corporations and the International Labour Organisation.

A memorandum prepared by Commission officials, titled "Information and Consultation of Workers in Enterprises Operating in Several Member States," says the various voluntary initiatives have failed to achieve the desired level of information for workers.

"Transparency will not be achieved, nor can workers be certain they will be informed of the operations of the enterprise as a whole . . . unless compliance is made compulsory and more precise rules laid down."

The memorandum says that an EEC directive could "ensure workers the right to information and consultation on questions concerning the enterprise as a whole, regardless of the location of its head office (even outside the Community), without thereby disturbing existing legislative systems, or placing unreasonable burdens on the enterprises themselves."

The areas of information for disclosure are listed as: the enterprise's economic and financial position, production and sales trends, investment and production programmes, rationalisation schemes, introduction of new methods of work, and other procedures that could substantially affect workers' interests.

The memorandum states specifically that no new rules would be imposed on national companies, but would be aimed at multinationals "which, from outside a member state or the Community, can impose certain far reaching decisions but do not enable their subsidiaries to inform and consult the workers in the way required of purely national firms."

There is a possibility that the proposals may be altered to apply equally to multinationals based inside and outside the EEC. Viscount Etienne Davignon, the EEC Commissioner whose portfolio covers industrial policy and company law, is said to be concerned that the rules should not discriminate between multinational and national companies.

Sheik Yamani on four-day Norway visit

OSLO — Sheikh Ahmad Zaki Yamani, the Saudi-Arabian Oil Minister and key OPEC leader, arrived yesterday for a four-day visit to Norway, including two days of talks with Mr. Bjartmar Gjerde, the Oil and Energy Minister, and other Cabinet Ministers. He will have an audience with King Olav today. Talks with Prime Minister Odvar Nordli are scheduled for tomorrow.

The Saudi Minister will also visit Statoil, the Norwegian state oil company, in Stavanger tomorrow afternoon, and will watch the construction of a giant concrete off-shore oil rig.

He flies to north Norway on Thursday, hoping to experience the midnight sun.

AP-DJ

Key Dutch wage deals agreed

BY CHARLES BATCHELOR IN AMSTERDAM

THREE LARGE Dutch multinational companies have reached wage agreements with the unions which are likely to set the trend for the rest of industry. Royal Dutch Shell, Philips and the steel group Hoogovens have agreed two-year contracts restoring automatic price compensations which is banned under current wage controls.

The accords grant, on average, increases of about 2 per cent for the 24-month period, excluding price compensations. This is expected to add about 6 per cent a year to wages.

The unions have been pressing for two-year agreements, rather than the traditional one-year contracts, in order to obtain benefits for their members not possible under the wage curbs. They are also anxious to pre-empt any decision by the Government to extend the controls for a second year into 1981.

The contracts take account of the wage curbs until they expire at the end of December but then allow more generous increases. The curbs restrict the gross increase in wages to Fl 26 (£5.70) a month for each employee. A company's total wage bill may not rise more than 0.75 per cent.

The most important element in the new deals is the restoration of the twice yearly compensation for increases in the cost of living. The companies have also allowed, to varying degrees, extra money for heavy or unpleasant work. Hoogovens, which employs 26,500 people in the Netherlands, has given an extra day's holiday and reduced the age for voluntary early retirement.

Union members have imposed conditions on the final acceptance of some of the agreements. Philips, the largest private employer in the country, with 82,000 workers, is to review its job classification system, while Royal Dutch Shell, with 19,000 workers, will carry out a study of its shift system.

Royal Dutch Shell has resisted pressure for a five-shift system which would reduce employees' hours. The unions won an important principle last month when the Mobil oil group agreed to five-shift working at its Amsterdam refinery after a four-week strike.

French cultural centre for E. Berlin

By Leslie Colitt in East Berlin

FRANCE WILL become the first Western country to establish a cultural centre in East Berlin where East Germans will be able to read French newspapers and books. Until now, Western publications and books, apart from technical ones, have been forbidden in East Germany.

France and East Germany yesterday signed agreements to set up cultural centres in each other's capitals, as well as signing cultural and consular accords. The two other Western allies in Berlin, the UK and the U.S., already have consular agreements with East Germany, but allied diplomats here are calling the forthcoming French cultural centre a "breakthrough" if ordinary East Germans are to be allowed inside.

French diplomats say they would like to set up the cultural centre on Unter den Linden, East Berlin's main boulevard. It is to have a reading room where East Germans will have access to the latest French newspapers and magazines, as well as a library.

French publications in German will also be available as well as information on travel to France, although East Germans who are not of pension age are forbidden to travel to the West.

Nearly all East Germans watch West German television and listen to West German radio, but the lack of anything except Communist reading matter from the West is one of their main complaints. Westerners entering the country are forbidden to take printed matter

East Germans have to travel to neighbouring Poland to read a West German newspaper or magazine in one of the many public reading rooms with Western publications in virtually every Polish city and town.

France has enjoyed special favour in East Germany in recent years and their bilateral trade doubled last year to some 1.9bn marks (£460m). M. Jean-Francois Poncet, the French Foreign Minister, last summer became the first of the three Western allied Foreign Ministers to visit East Germany and the current agreements are said to have received an impetus from his talks.

East Germany regards France as especially important because of the close Franco-West German relationship and the pro-Moscow French Communist party.

Paris airport cleaners go back to work

By David White in Paris

THE SECOND of two long labour conflicts involving immigrant workers in Paris ended at the weekend when cleaners at France's Charles de Gaulle airport returned to work on the promise of a 22 per cent wage increase.

The airport cleaners are to receive FFr 2,800 (£290) a month from October, and nine sacked workers are to be reinstated. But union leaders warned that they might be back on strike in a few months' time since there was no provision for further increases to keep up with the cost of living.

Khaled in Bonn talks on closer links with Europe

BY ROGER BOYES IN BONN

KING KHALED of Saudi Arabia has begun four days of talks with West German leaders aimed at strengthening Riyadh's ties with Europe.

The visit comes only days after Heads of Government of the European Community called at their Venice meeting for self-determination for the Palestinians. The King's presence here also reaffirms Bonn's wish to improve its links with Arab countries for strategic and economic reasons.

But the timing of the visit has raised the sensitive question of how Bonn can reassure Israel which is bitterly critical of the German role in the EEC declaration on the Middle East.

Officials stress that the West German Government will not go beyond the Venice declaration, which also called for a role for the Palestine Liberation Organisation in the peace process and criticised Israeli settlement policy. It is believed that the Saudis are unlikely to press the Germans to go further. But Chancellor Helmut Schmidt, who is due to meet the King today, nonetheless has to maintain a delicate balance during the visit.

He has tacitly to reassure the U.S. that the EEC does not intend to undermine the Camp David peace process initiated by President Jimmy Carter. He also has to make clear to Israel that Bonn has no intention of giving full recognition to the PLO. At the same time he wants to stress his support for Gulf states in their attempts to take more responsibility for their own security. The last point is expected to loom large in the talks with King Khaled and also in discussions with President Carter at the West's economic summit in Venice next week and with President Leonid Brezhnev at talks in Moscow on June 30.

Some senior members of the Chancellor's Social Democratic party have expressed concern about the EEC's Venice declaration, on the ground that it goes too far towards accommodating the PLO. More predictably, Herr Franz Josef Strauss, the opposition contender for the Chancellorship at the October elections, has launched an outright attack on the Venice statement.

It is difficult to see how Bonn can stave off further criticism from Israel. Relations are delicate at the best of times, conditioned by memories of the Nazi period. When senior German Ministers visited Riyadh last year, Israeli politicians accused Bonn of structuring its Middle East policy around the need for oil.

Saudi Arabia is West Germany's main supplier of crude and has also provided the Germans with more than DM 3bn (£723m) in direct credit this year.

Bonn is anxious to develop further bilateral infrastructure deals with Saudi Arabia. Germany is Riyadh's third most important supplier after the U.S. and Japan, and sold DM 4.4bn worth of goods to the Saudis last year. Saudi exports to Germany, overwhelmingly crude oil, rose by over 40 per cent to DM 8.7bn.

King Khaled (left) with President Carl Carstens of West Germany on his arrival in Bonn yesterday.

Switzerland's trade deficit widens further to £174m

BY JOHN WICKS IN ZURICH

THE SWISS trade gap widened further last month to SwFr 669.3m (£174m), double the deficit in May of last year. While actual foreign trade volumes were down over the year, price increases led to a 13.1 per cent rise in overall import values and one of 5.2 per cent for exports.

The terms of trade continued to deteriorate, import prices having gone up by as much as 38.1 per cent in an annual comparison and those for exports by only eight per cent.

For the first five months of 1980, Switzerland recorded a foreign trade deficit in visibles of SwFr 5.2bn (£1.35bn). This compares with SwFr 4.7bn (£1.22bn) for the whole of last year.

Industrial production, however, rose by 9 per cent in the first quarter, compared with a year ago. All industrial sectors played a part, with particularly sharp growth rates of 15 per cent for the leather, rubber and plastics products, 11 per cent for chemicals and 10 per cent each for the machine-building and wood-working industries.

At the same time, employment fell last month to the lowest level since April, 1975. Some 5,705 people, 0.2 per cent of the workforce, are out of work. This is 46 per cent down on May last year and much less than half of the total situations vacant.

The continuing rise in production and shortage of manpower is confirmed in the latest report of the Government's Commission for Economic Studies. This forecasts a further increase in orders and output with a greater strain on the labour market

Comecon meets as economic gloom gathers

PRIME MINISTERS and economic experts from Comecon, the 10-nation Communist bloc economic grouping, meet in Prague today both to look back on the problems of the current five-year plan, which ends in December, and to discuss economic co-ordination over the next five years.

Such summit meetings are an annual event. Besides trade, they discuss the kind of economic assistance which the Soviet Union and its East European partners are obliged to supply to the non-European members of the grouping: Mongolia, Cuba and Vietnam.

This year, further economic aid to Afghanistan, as well as to the Soviet Union's other client states in Africa and Asia, is also expected to come under review.

As is usual at such top-level meetings, most of the staff work has been done and most of the detailed trade negotiations have already taken place. The main pre-occupation of the non-Soviet members is to ensure they receive as much Soviet oil, gas and raw materials as possible on an exchange basis which leaves as wide a margin as possible for the satisfaction of both domestic needs and hard currency markets.

Vital deliveries

The Soviet Union, on the other hand, is eager to obtain as much as it can in return for its vital deliveries. The economies of countries like Czechoslovakia, Hungary and East Germany are in many ways more advanced and sophisticated than that of the Soviet Union itself and are capable of supplying relatively high quality industrial and consumer goods.

The importance of such an "in house" source of supply has been increased by the Western trade and financial restrictions imposed, however half-heartedly, in the wake of the Soviet invasion of Afghanistan.

Under these circumstances, the Soviet Union is under strong internal pressure to step up imports from its East European partners and to demand a higher contribution by its partners to the economies of its Third World client states.

Against this, however, Moscow has to reckon with increasing dissatisfaction in Eastern Europe in the face of a continuing deterioration in the terms of trade. This has led to lower growth and obliged all the countries of Eastern Europe to reduce investment and warn of further austerity ahead.

Last year was Comecon's worst ever. Gross national income, the Socialist countries' equivalent to GNP, rose by only 2.5 per cent, half the 1978 growth figure and well below original targets.

Revised targets

Most Comecon countries will end the current five-year plan period with performance 20 per cent and more below plan. Only East Germany has come close to targets which in any case, have been repeatedly revised downward.

Over the next five-year plan, targets will be more modest as Comecon grapples with higher energy prices and an external debt already in excess of $65bn (£27.8bn) and still rising.

Upt to now, Comecon as a whole, and the Soviet Union in particular, has been much less agile than the mixed economies of the West in adjusting to straightened circumstances. Until recently the Communist countries were able to hol dout the prospect of continuing, if relatively small, improvements in living standards together with stable prices and full employment.

These benefits can on longer be guaranteed. Living standards are not likely to increase much over the next five-year plan period, particularly if East-West tension and pressure for higher military spending continues.

These are economic and political realities which underlie this week's meeting in Prague. They represent a major challenge to what has proved an inflexible, non-innovative and wasteful economic system which, by attempting to plan everything, has insittutionalised technological backwardness and proved vulnerable to economic forces beyond its control.

Energy talks

A CONFERENCE on textiles and building materials as aids to energy-saving will be held at the Shirley Institute, Manchester, on October 21. Papers will be given on comfort of clothing in terms of warmth and vapour transmission; and on thermal insulation properties of buildings and materials.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Campo's dead industries look to Gibraltar for new life

BY ROBERT GRAHAM, RECENTLY IN LA LINEA

THE SOLE signs of life at the closed gates on the Spanish side of the frontier with Gibraltar are two Guardia Civil officers and a man squatting on a battered motorbike.

"The gates will open soon," the motorbike man says knowledgeably. He then offers a range of contraband goods that have found their way across the frontier to La Linea. When the frontier opens, business will return "like the old days," he says. A crowd of 2,000 gathered at the frontier at the beginning of this month when rumours went round that the gates would be unlocked.

La Linea and the bay area, known as the Campo, used to depend on the Rock for their livelihood. Since the closure of the frontier on June 8, 1969, the Spanish Government has attempted to relieve this dependence. Yet its policies have been so badly conceived and poorly executed that the mai nhope for the Campo and its seven municipalities is once again an open frontier.

Its closure meant the immediate loss of 4,800 jobs inside Gibraltar. Worse, La Linea had grown by providing fresh fruit, vegetables and meat to Gibraltar and bars, restaurants and brothels to the British Servicemen there. Within a year of the closure, La Linea's population had dropped by almost a third to 52,000.

From the start, the Franco Government regarded La Linea's new economic base as more a question of national honour than of serious development. New jobs were guaranteed through grandiose schemes and a stamp was issued with a special Pta 0.5 tax to raise funds for affected families.

The Campo was promised its own airport to offset the loss of tourists from Gibraltar. Despite a formal cabinet decision in 1973, only a few metereological soundings were taken, according to the mayor of nearby San Roque, Sr. Eduardo Lopez Gil. La Linea was promised a new fishing port and a marina; nothing further than preliminary infrastructure has been built. The government promised to connect La Linea with San Roque and Algeciras by rail; some 10 kilometres of track were built in the early 1970s but no train has ever used the line. Just before the frontier was closed, a huge stadium, which coud seat over half La Linea's population, was completed. A few months later, the Spanish national football team was brought down amid much publicity for a match against Finland. Since then the stadium has fallen into disrepair because La Linea's municipality cannot afford to keep it up.

The municipality is so poor that twice recently it has been streched to pay its own employees. Last October, all the major political parties and trades unions backed a one-day general strike to draw attention to the plight of La Linea and the string of broken Government promises. Unemployment had risen to 20 per cent of the active population.

In less than 10 years, La Linea and the Campo has become an industrial graveyard. The biggest casualty is Crivanis; its five huge cranes hang sadly unused on 35 hectares of expensively reclaimed land. Attracted to the Campo by tax holidays and investment incentives offered by the Government, Crivanis was to build Liquefied Natural Gas tankers, and floating liquefaction plants, on new technology developed by a Basque engineer, Sr Jose Manuel Sendagorta. It was to create some 3,000 jobs and service factories were set up nearby in anticipatoin of work.

Crivanis hoped to capitalise on growing world demand for LNG carriers and tied itself to Kalingas, a project in southern Iran, which would sell LNG to Europe, the U.S. and Japan. Crivanis never built a tanker and went into temporary receivership in September, 1978. The service factories never operated.

Crivanis collapsed partly because Iran decided to stop all gas export projects. But no small Spanish company had ever attempted to carry out a project that required massive financial backing. Although the project received full government backing in 1972, successive governments baulked at its financial needs.

On the main industrial estate at La Linea, only one in 10 of the plants are operating. The rest are overgrown with weeds or are empty shells. These include a textile plant once employing 1,500 workers, a small steelworks and a packaging plant. According to a long-time local resident, some were never serious investments. "Companies took advantage of investment grants but left the plants empty, putting the machinery into existing factories elsewhere," he said.

According to the Mayor of Algeciras, Sr. Francisco Esteban, some Pta 3.5bn (£22m) has been invested on unused plant. La Linea is not untypical of the area as a whole, he says. In Algeciras, only 10 per cent of the projects planned for an industrial zone have been installed. The town itself is still awaiting a ring road that was promised in 1973.

Even those industries, such as the Cepsa petrochemical plants, which have proved successful have created problems. The wages and work conditions of Cepsa employees cannot be matched by other employers, and there have been strikes for parity.

The Campo's industry has also ruined the once beautiful Bay of Algeciras and its prospects for tourism. The bay water is filthy and a pall of pollution hangs in the air or shrouds the top of the Rock.

Algeciras has profited from the closing of the frontier. Its population has almost doubled in 11 years to 100,000. Because of a sharp upturn in the number of visitors to the Spanish duty-free enclave of Ceuta, across the straits in North Africa, and to and from Morocco, Algeciras now handles 4m passengers and 500,000 vehicles a year. The reopening of the Suez Canal and increased Middle Eastern trade have also boosted the port.

But the town's development has been speculative and incoherent. There is too much costly housing and too many facilities which cannot be used, like a kidney unit at the hospital which has never opened because of lack of staff.

The principal hope now is that the opening of the frontier with Gibraltar will force Madrid to rethink the future of the Campo. A study has been made of new super sport and the Mayor of San Roque is promoting a scheme to etablish a bilingual English-Spanish university. He has contacted Keele University in the UK. There is talk of enlarging the Gibraltar airport and of attracting tourists to the bottom end of the Costa del Sol and to the undeveloped Atlantic coast near Tarifa.

But the Spanish Government will do its best to prevent a return to the situation before the frontier was closed, least of all a massive new trade in duty-free goods flowing through Gibraltar. Equally, the Campo's industry will hinder tourism as industry is hampered by poor communications with the Spanish hinterland.

Without new road and rail links, including probably a new road through the mountains to Cordoba, the Campo remains isolated.

Administration and finance are still confused. With the exception of San Roque, all the Campo's municipalities are in deficit and short of funds. Algeciras cannot tax its profitable part to cover municipal services. All decisions have to be referred to the local provincial capital in Cadiz, before going on to Madrid. And Andalusian autonomy, if it is accepted, would be run from Seville.

The Gibraltar issue is being used as a lever to establish a new and separate province or region exclusively for the Camplo. But no one can agree whether Gibraltar or Algeciras should be its capital. And the plan excludes anything that the Gibraltarians themselves may wish to see happen.

UK awaits Spanish move on blockade

BRITAIN IS still waiting for Spain to say when it will lift the blockade on Gibraltar, writes David Tonge. The two countries had agreed to complete preparations by June 1, and Britain expects to see the issue solved before allowing Spain to join the EEC.

Sr. Marcelino Orejo, the Spanish Foreign Minister, said last week that, for its part, Spain might not want to join NATO until progress had been made on Gibraltar. But the fragility of the present Spanish Government means that on both Gibraltar and NATO it is treading warily.

Iran oil industry facing trouble over pay cuts

BY ANDREW WHITLEY IN ABADAN

IRAN'S VITAL oil and petrochemical industries are facing serious labour troubles as a result of a Government decision to cut out almost all allowances and extra payments to State employees. The decision will cut take-home pay by more than half in many cases.

Mr. Parviz Shahideh, general manager of the Abadan refinery, said yesterday that he was expecting considerable difficulties in persuading his 17,500 employees to accept the new terms. But the refinery's problems are much less than in other State companies where much higher bonuses disguised as overtime payments are normal.

At the Iran-Japan Petrochemical Company at Bandar Mahshahr, workers have become used to receiving up to 12 hours overtime a day at 135 per cent of the standard wage level. This is now being cut out, along with severe reductions in travel, housing and other allowances.

Negotiations to introduce the changes are at an early stage. Already there has been a sharp reaction at the IJPC complex from a workforce which has been idle for the past 15 months since construction work on the site was halted.

A senior Government official confirmed yestesrday that in the interests of economy it had been decided to reduce excess payments to all 1.4m State employees. It was being applied initially by the Oil Ministry, which is also responsible for gas and petrochemicals.

Maximum salaries in all Government organisations have already been reduced to 200,000 rials (£1,218) in Tehran, and 250,000 rials (£1,523) in the harsher conditions of southern Iran. There are fears among staff that these will be reduced further soon so as to reduce the state wage bill, estimated at £7.7bn.

The economic grievances of the workers and staff in south-west Iran's oil and oil-related industries, are amplified by political tensions, between rival Moslem and left-wing factions which occasionally spill over into clashes. The situation at the IJPC complex is further complicated by the management's decision to restore a normal working day of eight instead of five hours, in preparation for a full resumption of work on the site.

Soviet Union shuns Islamic mission

BY DAVID HOUSEGO

BOTH THE Soviet Union and the Babrak Karmal regime in Kabul are cold-shouldering the negotiating mission on Afghanistan set up last month by the Islamic conference though they have not formally ruled out contacts with it.

This is the impression formed by the three-man mission, composed of the Foreign Ministers of Pakistan and Iran and the conference's secretary general, in their initial soundings on seeking a political solution that would embrace a Russian withdrawal.

Mr. Agha Shahi, the Pakistani Foreign Minister, will be having talks in London today with Lord Carrington, the Foreign Secretary, and Mrs. Thatcher to compare notes on the European and Islamic assessment of Russia's intentions and the situation in south-west Asia.

The mission approached the Russians through the Soviet ambassador in Paris to see whether it might visit Moscow. The Russians said, however, that the answer would depend on the outcome of talks the mission had with the Kabul Government.

But the terms in which the Russians condemned the mandate of the mission—a withdrawal of Russian troops a freely chosen government in Afghanistan and guarantees for the country's sovereignty—have been taken as a sign that the Kabul regime may be unwilling to meet the mission. The Soviet Union said the mission was "notorious."

If that is the case the mission will meet in Geneva, a nominated spokesman of the Afghan insurgents said. Such an occasion would formally recognise the insurgents as a party to the conflict, although its official purpose would be to consult them on the terms for a cease-fire.

The Russians want recognition of the Babrak Karmal regime, which has been ruled out by the Islamic conference, and direct talks with Pakistan and Iran.

It is clear that if the mission fails, blame for the breakdown will be placed firmly on the Russians at an extraordinary session of the Islamic conference to be held in New York in September to coincide with a meeting of the United Nations General Assembly.

Mr. Agha Shahi will hold his talks with the British Government after an extensive tour that has included consultations with Iran, Romania and West Germany. He is evidently convinced that the Russians are determined on a hard line policy both in Afghanistan and in diplomatic negotiations about its future.

Afghan rebel activity reported at low ebb

NEW DELHI — Afghan Government forcs backed by Soviet troops appear to have crushed minor guerrilla activity in the mountains north-west of Kabul.

M. Jaqus Buob, of the French Magazine, l'Exprss, who has visited the rea, said in the Indian capital yesterday that Soviet troops had been trying to flush out insurgents from the Paghman mountain range and this had led to clashes over the past two weeks. The clashes were minor and there had been no real fighting.

M. Buob said he visited the town of Paghman last week and saw no vidence that a battle had been waged. The town was nomal and there were no soldiers in sight. Another European traveller said he was in Paghman last weekend and had heard nothing about a major rebel offensive. Western reports of a fierce battle appeared baseless.

Conflicting reports have emerged of fighting in the Paghman mountains and of guerrillas encroaching to within eight miles of the Afghan capital. Indian Press reports spoke of Soviet aircraft and artillery cutting a wide swathe of devastation through the mountains.

Soviet troops were also reported to have deployed a ring of steel around Kabul but diplomats dismissed as fantasy suggestions that rebels were preparing to attack the city.

M. Buob said sporadic shooting was heard last week in the capital. "It appeared mostly to be gun battles between rival factions of the ruling People's Democratic Party."

Reuter

Mrs Gandhi raises train fares and freight rates

BY K. K. SHARMA IN NEW DELHI

ANOTHER INDICATION of Mrs. Indira Gandhi's willingness to take unpopular decisions to restore India's economy came yesterday when passenger fares and freight charges for Indian railways were increased sharply.

Fares have been raised from between 5 and 20 per cent according to class and a surcharge of 15 per cent has been imposed on all freight. This will produce a surplus budget for the Government-owned railways for the first time in many years.

Coming just two days before the Government's first full budget, the decision suggests that Mrs. Gandhi is now ready to take urgent economic decisions. Last week, the pre-budget economic survey admitted that gross national product had fallen by 3 per cent in 1979-80 because of lower agricultural and industrial production. Subsidies are expected to be slashed in the budget on Wednesday.

About 10 days ago, Mrs. Gandhi raised the prices of petroleum products and fertilisers. That suggested that the government was willing to improve the profitability of the public sector even though it might affect the interests of farmers who are the bulk of the population.

Meanwhile, the public sector Oil and Natural Gas Commission has submitted a proposal for the expansion of the offshore Bombay High oilfield involving an investment of 3.7bn rupees, (about £200m), according to Mr. Veerendra Patil, Minister of Petroleum.

This will raise the production of crude from Bombay High from the present 5m tonnes to 12m tonnes a year by the middle of 1982.

Stay-away protest on Soweto riot anniversary

By Quentin Peel in Johannesburg

THOUSANDS OF black and coloured (mixed race) workers stayed away from work in South Africa yesterday, and shops were closed, to mark the 4th anniversary of the outbreak of the Soweto riots. There were clashes between stone-throwing youths and riot police in several parts of the country.

In Cape Town, the major centre of action, a white policeman was stabbed to death late on Sunday during a baton charge in a black township. But although shops and factories reported a mass stay-away early yesterday, some workers turned up later.

There were no serious attempts to organise a similar protest in Johannesburg and the Witwatersrand, but there were sporadic clashes between police and black youths in Soweto itself. In Bloemfontein, police dispersed groups of youths with tear gas after they had stoned buses. In Durban tear gas was also used after a bus and an oil tanker were stoned

The disturbances followed a government ban on all forms of commemoration and protest meetings—but the ban appears to be effective in preventing any major confrontation and a more widespread work stoppage.

The stay-away in the Cape follows several weeks of community action in both coloured and black townships, including a boycott of classes by school pupils, a bus boycott in protest at fare increases, and a boycott of red meat in support of a strike by workers in the meat industry. The bus boycott aggravated the stay-away yesterday, because some workers were delayed in going to work, rather than deliberately staying at home.

The position in many townships remained tense last night, and there is a danger that any of the clashes with police could blow up into a bigger confrontation. However, there also seems to be a desire both on the part of the police and many in the black community to avoid any repeat of the 1976 tragedy.

Some church services were held, but sermons were low-key. Earlier Bishop Desmond Tutu, General Secretary of the South African Council of Churches, criticised the ban on meetings, saying it was comparable with a ban on the Day of the Covenant—the day when Afrikaners celebrate a victory over the Zulu people.

Business and Apartheid, Page 21

Machel chooses new coinage

By Bernard Simon in Johannesburg

MOZAMBIQUE is unexpectedly introducing a new currency this week, as announced by President Samora Machel in Maputo at the weekend. Details of the new currency are sparse and South African banks have suspended transactions with Mozambique until more information can be obtained.

The new currency will be known as the metical, divided into 100 centavos. The metical's exchange rate against other currencies has not yet been disclosed although bankers think that it will have the same value as the escudo which it is replacing.

The official exchange rate for escudos has been about 28 to the U.S. dollar, but strict exchange controls have prompted a thriving black market.

Mr. Machel said that the introduction of the metical was aimed at "assuring the successful implementation of Socialism in Mozambique." Observers point out that large amounts of escudos have been smuggled out of the country by the thousands of Portuguese who have left since Independence. The new currency may be an attempt to make these balances worthless.

The changeover to the metical is taking place over a period of three days, ending tomorrow. Mr. Machel said that the country's borders would be closed during this time, but South African Airways said that its scheduled flight to Maputo operated as normal yesterday.

U.S. Fed chief visits Peking

PEKING — Mr. Paul Volcker, chairman of the U.S. Federal Reserve Board, has arrived in Peking for discussions with officials of the People's Bank of China on monetary and financial issues of mutual interest.

An official at the U.S. embassy in Peking said the two sides were not expecting to reach any agreements, but would discuss the general operation of their respective organisations, which both operate as national central banks.

Mr. Volcker's trip is a return visit for one made to the U.S. in late April by Li Baohua, president of the People's bank of China. The Fed chairman is due to leave Peking for a provincial tour on Wednesday before returning home via Tokyo. AP.

Hussein tries to broaden U.S. view of Mideast

By Roger Matthews in Cairo, Rami Khouri in Amman and Ihsan Hijazi in Beirut

King Hussein: angered by West's view of Jordan's role.

PRESIDENT JIMMY CARTER has pledged to use all his powers of persuasion to draw King Hussein of Jordan into the U.S.-sponsored Middle East peace process when the two men meet in Washington today for the first time in more than two years.

For his part the King will almost certainly be trying to persuade Mr. Carter to move away from the Camp David formula and to find a new basis that would involve all the so-called conflict states and the Soviet Union.

Jordan feels the American attitude that promoted the Camp David approach to peace, is "simplistic," in the words of its Prime Minister, Mr. Abdul Hamid Sharaf. He is the King's key foreign policy adviser and is accompanying him in Washington.

The King is angry that in the eyes of the West the Camp David framework shifted pressure onto Jordan by making it appear to be the obstacle to peace because of its refusal to join the Egyptian-Israeli talks. Jordanian anger, however, is tempered by the King's 28 years of experience as a Head of State.

King Hussein will be trying to see whether there is enough flexibility—the Arabs would call it statesmanship — in Washington to nudge the Camp David talks towards a broad set of negotiating principles, such as were embodied in the European Community's statement in Venice at the end of last week.

The vast gulf that separates the two leaders means that at best the talks might mark some easing of the two-year chill in relations between formerly friendly countries. But with President Carter seeking to defend his one major foreign policy "success" in an election year and King Hussein deeply disturbed by the growing Arab radicalisation that he sees arising from the Egyptian-Israeli peace treaty, it will be remarkable if anything more can be achfeved.

King Hussein has already been raising warning signals for those who wanted to see. Since Camp David he has moved Jordan significantly closer to radical Iraq, has partially mended some of his bridges with the Palestine Liberation Organisation and is hinting at closer ties with the Soviet Union.

As a small country surrounded by powerful neighbours, heavily dependent on external financial assistance, and with over half its population owing first allegiance to a dreamed-of Palestinian state rather than the Hashemite monarchy, the authorities in Amman have little option but to remain close to the mainstream of Arab politics.

That mainstream is now more than ever convinced that Camp David was a disaster for the Arab world because Israel never intended that it should be anything more than a means of neutralising Egypt, its most militarily powerful Arab neighbour.

The subsequent failure of the Palestinian autonomy talks and the alarming descent into violence on the West Bank and Gaza Strip is of most immediate concern to King Hussein, who fears that the reverberations of such explosions could be felt in Jordan.

He is therefore particularly anxious not to provide further ammunition for his more radical opponents who have already criticised his trip to the U.S. But as the one leader in the Middle East who is always working assiduously for consensus, King Hussein obviously felt it important both to let President Carter know of his concerns and to find out whether there might be any shift in U.S. policy later this year.

The King had proposed an international conference on the Middle East within a UN framework which would uphold the right of Palestinians to self-determination and Israel's right to exist.

If the U.S. would endorse his proposal, Hussein is ready to bring before the next Arab summit conference a motion in favour of Arab readiness to accept Israel's right to exist within secure and recognised borders. This would be conditional on Israeli withdrawal from Arab territory occupied in 1967 and on Israeli agreement to discuss Arab sovereignty in east Jerusalem.

The Arab summit is set for November in Amman and Arab Foreign Ministers will be meeting in the same place in July to make the arrangements. Arab diplomats say the King already has Saudi support.

The announcement that the U.S., Egypt and Israel have agreed to resume autonomy negotiations may have short-circuited the monarch's talks in Washington. But the value of the talks may lie in setting the stage for a Jordanian role if and when the Begin government is replaced in Israel by the labour alignment.

King Hussein is engaged in a delicate balancing act between the radical and moderate wings of the Arab world.

As if to emphasise the delicacy of his position as middleman, the King plans to go to Moscow after his trip to Washington.

Sea raid thwarted by Israelis

BY DAVID LENNON IN TEL AVIV

A SEABORNE Palestinian commando raid on Israel was foiled early yesterday when an Israeli navy patrol boat intercepted a small Palestinian craft a few miles south of Lebanon. Three Palestinian guerrillas were killed and one Israeli seaman was injured in the clash, according to the Israeli army spokesman.

The Palestinians' glass fibre boat, powered by an outboard motor, was approached by the Israeli vessel which at first thought it was a pleasure craft. The guerrillas fired a rocket at the Israelis and a three-minute exchange of fire followed.

It is the first attempt by guerrillas to land from the sea this year. Last year there were five such attempts, four being foiled at sea.

In April last year, a Palestinian squad landed at Naharia, south of the point where yesterday's clash occurred, and four Israelis and four guerrillas died in the subsequent fighting.

The most spectacular sea raid was in March 1978. A guerrilla squad commandeered a bus after landing and 37 people were killed in an exchange of fire when the bus was stopped outside Tel Aviv.

In response to that raid, Israel invaded southern Lebanon up to the Litani River and only agreed to withdraw when United Nations troops were moved into the area.

David Buchan reports on political wrath over the Federal Trade Commission

FTC regulators fight on two fronts

A spring tide of congressional wrath has just washed over the Federal Trade Commission, the longest regulatory arm of government in the U.S. economy. The Commission's edifice still stands. But twice this year Congress, in pique, briefly shut the Commission down by cutting off its money. The erosion of some of the FTC's anti-trust and consumer protection powers was signed into law in May in the "FTC Improvements Act of 1980."

Mr. Michael Pertschuk, the FTC chairman, says his agency is still a fighting force. Despite its pruning by the Capitol Hill lobbies, it will not "duck the issues" because of political pressures. But Mr. Alfred Dougherty thinks otherwise and is resigning at the end of this month as chief of the FTC's Competition Bureau. He reckons Congress may have compromised the commission fatally.

The arm of the FTC extends from foreign companies, who must run an FTC gauntlet in taking over American concerns, to U.S. opticians who might seek to keep the prices of their spectacles hidden from prying FTC eyes. The commission's 1914 charter requires it to police "unfair methods of competition" and "unfair or deceptive acts or practices" that harm consumers.

Few sectors of the U.S. economy are closed to the FTC banks and financial institutions is one and the penalties it can seek either directly in the courts or before its own administrative judges are considerable. In a monopoly case, it can order one firm to sell another. Violation of any one of its consumer protection rules can expose the culprit to a fine of $10,000 a day.

With such powers, the FTC was bound to be a target of an "anti-regulatory" mood that has been welling up in the U.S. Some say its source is the anti-consumer policies of the Nixon Administration, others that it has been swelled by the success of tax-cutting initiatives in the late 1970s, it is a reaction to Government interference or is the product of new business think-tanks at U.S. universities whose faculties have taken on more "Friedmanite" economists.

Equally, the translation of many associates of Mr. Ralph Nader into jobs in the Carter Administration has weakened the consumer lobby outside Government. In this election year, Mr. Ronald Reagan and the Republicans preach the need for less Government interference. So, in a fainter echo, does the Carter Administration with its policies of "de-regulating" the airlines, trucking and much else.

The present economic slump, too, provides the arguments for those concerned with "supply-side" economics. They claim that America should be left alone by Washington agencies to produce itself out of recession and inflation.

In fact, the 1980 Act specifically restricts only one element of the FTC's competition policy. It cannot cancel the trademark of a product on the grounds that it has become so widespread as to be generic. This stemmed from the FTC's bid to cancel the Formica Company's trademark name because it felt consumers were paying up to $5m a year too much for Formica's plastic tiles, when cheaper substitutes were available.

The FTC's move aroused the ire of two Congressmen from New Jersey and Ohio, where Formica has big plants—and they got the ban written in.

Congress has clearly given the agency a warning that it may return to the attack on this front, and Mr. Dougherty claims this amounts to intolerable political intimidation. He is shortly off to study competition policy in Europe on an EEC Commission grant.

The doughty Mr. Dougherty, a firebrand to many of the FTC's critics and some of his associates believes the Commission has an important role, alongside the Justice Department.

It is not just that two policemen on the anti-trust beat "help to assure that one of the cops will be at the right place at the right time." The Justice Department can only prosecute most offences under the Sherman (Price Fixing and Monopolies) and the Clayton (Mergers and Acquisitions in Restraint of Trade) Acts. But business malpractices have grown far more complex since those Acts were passed before World War I and Mr. Dougherty claims the FTC is skilled enough in economic analysis and has refined anti-trust law to deal with these malpractices.

This week the FTC went to court charging the Ethyl Corporation, Dupont and two other companies with a form of price-fixing. The four are not accused of indulging in any formal conspiracy, but in playing "follow-my-leader" in setting the prices of the petrol anti-knock lead additives they sell. The remedy, the FTC believes, is that the companies should not be allowed to signal price changes far in advance, thus permitting others to match them.

Environmental controls have killed the market for these lead additives. So why pick on them. The FTC claims the fact that falling sales have not led to price cutting may be evidence of collusion. Mr. Dougherty says his interest is "to send signals to the rest of industry so that they will change their behaviour, or be more cautious, as the result of a test case." Two industries he had in mind are cars and steel.

The FTC has a case in hand against Exxon for its planned takeover of the Reliance Electric Motor Company, on the grounds that the oil company would otherwise have itself gone into this sector and created competition, and a host of monopoly or shared-monopoly cases against such companies as Kelloggs, General Foods and General Mills, Dupont and ITT-Continental.

This is an ambitious number of cases. The recent bid to stop British American Tobacco taking over Appleton Papers also shows no bending to political pressure. The FTC contends the combine would result in a near monopoly of carbonless paper. But BAT also owns Brown and Williamson, the Kentucky tobacco company from the home state of Senator E. Wendell Ford, who chairs the FTC's supervisory body in the Senate.

The anxieties of the tobacco industry about the consumer protection activities of the FTC are believed to have been one of the reasons behind the Senate hearings Sen. Ford called last year, and which started the ball rolling against the FTC.

Concern that the FTC was over-protecting consumers goes back further, to the mid-1970s, when Mr. Pertschuk directed the staff of the Senate Commerce Committee and played a major part in writing the Magnuson-Moss Act of 1975, which encouraged the FTC to start writing rules for whole industries, instead of dealing with isolated complaints.

The business community was horrified when President Carter made Mr. Pertschuk FTC chairman in 1977. Mr. Pertschuk's pet project was to stop television advertisers mesmerising children into bullying their parents into buying sugar-coated foods. The attempt to regulate children's television, "kid vid" as it was called, brought uproar and a clash with a $600m a year coalition of the sugar lobby, cereals makers, and TV networks. The FTC and Mr. Pertschuk were accused of "national nannyism" in prescribing what children should and should not watch.

The row on Capitol Hill was swelled when constituents urged Congressmen to stop the FTC regulating the used-car business, funeral prices and professional standards.

Congress also took the power to veto any FTC consumer rule by a vote of the two houses. How much it will want to use this is another matter. Quite apart from the extra work needed, Congress may realise how double-edged consumer issues are and how useful the FTC can be as a scapegoat for special interests.

THE Federal Trade Commission is among the oldest of the several dozen U.S. agencies appointed to watch over businesses and industries in the public interest. The U.S. usually creates a semi-autonomous body to govern an area, such as occupational safety, which in most European countries would be the responsibility of the civil service.

Each of the FTC's five commissioners is appointed by the President to a seven-year term, subject to approval by the Senate. While they may be of no particular political persuasion, no more than three may be of the same political party. Their terms are staggered to maintain continuity of experience.

Working for them is a large staff of 210 lawyers, whose energies are mainly devoted to investigation and litigation in anti-trust cases, and also to remedying consumer protection abuses and producing analyses of different sectors.

Mr. Marc Lalonde . . . hoping for compromise

Threat by Ottawa in Canadian oil dispute

By Victor Mackie in Ottawa

MR. MARC LALONDE, the Canadian Energy Minister, has warned that if an oil pricing agreement is not reached between the Federal Government and Alberta by the end of this month, Ottawa may unilaterally fix prices.

The current agreement on oil prices between Ottawa and the province expires on June 30. The domestic price stands at C$14.75 (£5.49) a barrel. Both sides want the price to rise to near world levels, out the Federal Government is under pressure from oil-consuming provinces to let it rise more slowly than Alberta wants.

Mr. Lalonde said yesterday he hoped that meetings with Alberta scheduled to start tomorrow would produce a compromise. The province has 85 per cent of Canada's proven reserves of oil and gas.

Failure to reach a new agreement by June 30, he said, could result in a price set by Ottawa and retaliation by Alberta.

If Alberta raised its price without an iterim agreement, "We would have to assess whether we should not invoke the Petroleum Administration Act." That is the law which gives the power to the Federal Government to fix prices.

Alberta has threatened to invoke its own law giving it the power to restrict production if it is not satisfied with the proposed price.

The Liberal Government's most recent proposal—rejected by Alberta—is virtually identical to the price scheme included in the former Conservative Government's December budget which was defeated. The Tory proposal, initialled but never formally signed by Alberta, called for a C$2 a barrel increase for oil on July 1 and 30 cents per cubic metre for natural gas on August 1.

The Federal Government's most recent proposal was to come to an interim agreement, to be replaced on October 1 after further negotiations with the provinces produced a long-term oil pricing package. This proposal has also been rejected by Alberta.

World Bank's soft loans 'in jeopardy'

BY DAVID BUCHAN IN WASHINGTON

THE CARTER Administration is urging Congress strongly to make good the arrears on the U.S. contribution to the World Bank, but without prompt action, new soft loan commitments to the poorest developing countries will stop on July 1, according to Mr. Robert McNamara, the bank's president.

All of the richer countries, except the U.S., have agreed to a $12bn replenishment of funds to the International Development Association (IDA), an arm of the World Bank to lend on soft terms to poor developing countries for the three years starting July 1 this year.

But Congress has not yet approved the U.S. share, around 30 per cent of the total, and until it does, because of an agreed formula which makes IDA replenishments dependent on the U.S., the IDA cannot make new loan commitments.

In a rare Press conference, five days after he announced his resignation next summer, Mr. McNamara praised the Carter Administration for providing the strongest support for the World Bank on Capitol Hill that it had had in his 12 years as the bank's president.

The Administration even recently persuaded Mr. Paul Volcker, chairman of the Federal Reserve, to testify in the bank's cause before Congress—the first time a U.S. Central Bank governor had done this in 12 years.

But Mr. McNamara conceded U.S. public opinion was running strongly against foreign aid—a recent Gallop poll showed 84 per cent of Americans wanted to cut it.

Another battle with Congress, less pressing but with equally serious implications, will come over the U.S. share—around 22 per cent—of a $40bn capital increase for the World Bank, bank officials expect. World Bank loans now outstanding total $24bn and may not exceed its paid-in capital and retained earnings ($7bn) and total callable capital ($34bn).

The first growth in World Bank lending will lead the institution to bump up against this $41bn ceiling on total loans in the mid-1980s, according to Mr. Eugene Rotberg, the bank's chief financial officer.

He said at the weekend that the bank had just borrowed dollars for the first time in several years — $500m in the Euromarkets. In the coming fiscal year, the bank would borrow another $4.5bn, divided between Swiss francs, yen, Deutsche Marks and dollars.

World bank profits for the fiscal year ending this June 30, will be in the $560-80m range, Mr. Rotberg estimated, and as usual will be ploughed back to subsidies loans. The rise in profit, from $407m in 1978-79, was largely because the bank had succeeded in borrowing cheaply, he said.

But the rise in interest rates means that later this month the bank will be considering raising the rate of its standard project loans to developing countries from the current 8.25 per cent to 9.25 per cent. The bank board is due to make a decision on this next week.

New Wall Street newspaper launched

BY DAVID LASCELLES IN NEW YORK

NEW YORK got a new newspaper yesterday — the Wall Street Final, a slim tabloid designed specifically to provide home-going commuters with the latest stock prices.

With time at a premium, the paper is assembled near the financial district in southern Manhattan, printed on high-capacity presses nearby, and then rushed to the main railway stations and busiest street corners.

The publishers hope to get 15,000 copies out with the 3 pm stock prices, and another 30,000 copies with the closing prices, for a total run of 45,000. The first editions will be available for early home-goers at 4 pm, and the later one at about 5 pm.

The man behind the project, 42-year-old Mr. Michael Goldstein, says that delivery is crucial. He has made dummy runs using all kinds of transport, from helicopters and van, to bicycles and subway trains. But in the end he settled for roads, despite the traffic, because the more exotic forms proved unreliable.

Most of the paper will centre on stock market news and prices, but there will be some sport and other features, including the crossword from the London Times.

There is an open market for a newspaper carrying closing prices but previous ventures to exploit it have failed, mainly because the stock exchange's decision to put back the closing bell from 3.30 pm to 4.00 pm in 1974 made printing and delivery schedules impossibly tight.

Mr. Goldstein, however, is confident that his project will work. He claims to have enough capital to get it established, even if advertising is thin.

Mr. Goldstein made his name and money on an earlier newspaper venture, the Soho News, a highly successful weekly "alternative" paper which he sold to Vere Harmsworth, the British publisher, last year.

However, New York publishing history is littered with failed new ventures. The most recent was The Trib, a morning newspaper launched in early 1978 which closed after three months.

Japan-Soviet steel pipe talks break down

By Richard C. Hanson in Tokyo

THE ALREADY long-delayed negotiations between Japan and the Soviet Union for the sale of large diameter steel pipe, believed to be worth $350m (£148m) have broken down over the interest rates the Export and Import Bank of Japan wants to charge on a loan to finance the deal.

A Japanese negotiating team, including both ExIm Bank officials and representatives of the steel industry, returned to Tokyo over the weekend after rejecting a Soviet request to lower interest rates on the loan to the same level as on a similar pipe contract loan obtained from West Germany.

The Soviet Union is also believed to be asking for an adjustment in the price of the steel pipe, to be used in a Siberian natural gas project. The contract price was set in January denominated in yen, which has appreciated rapidly over the past two months.

Earlier this year, following the Soviet invasion of Afghanistan, talks on the ExIm Bank loan were suspended while the Japanese Government debated whether to include the pipe shipments in a package of economic sanctions sought by the U.S. A decision was made to allow the loan to go through after it became apparent the West German Government had given its indirect approval of a large pipe sale by extending a guarantee to cover the export.

The Japanese interest rate for ExIm Bank loans is above the OECD guideline on such official trade financing. The West Germans offered lower rates through private channels which do not adhere to OECD rules.

Four major Japanese steel companies, led by Nippon Steel, have agreed to ship 350,000 tonnes of pipe during the first half of the fiscal year starting in April. A similar volume would likely be agreed to for the second half and the ExIm Bank (plus private bank) loans would cover the full year's shipments.

The loans reportedly would be for about $350m, with the ExIm Bank providing more than half.

Italy seeks easier line on Russia

BY CHRISTOPHER BOBINSKI IN WARSAW

ITALY'S present hard line on trade with the Soviet Union is hurting Italian industry and some $250m worth of contracts with the Soviets are being held up because of Italian export credit restrictions, according to Sig. Enrico Manca, the Italian Foreign Trade Minister.

Sig. Manca, in Poland for a three-day visit, said in an interview that "Italy should develop commercial relations with Eastern Europe and the Soviet Union anew."

Sig. Manca noted that following the Soviet invasion of Afghanistan "Italy was among those Western countries which acted most rigorously against the Soviet Union," and, he added, "in contrast to others who acted differently."

Italy, for example, did not renew Government export credit lines to the Soviet Union which expired at the end of last year, and this was affecting deals in the chemical and engineering sectors which were arranged before the invasion. But now Sig. Manca says that, without condoning the Soviet action, "the economic dialogue with the Soviet Union should begin."

He expressed the hope that the export credit problem "will be solved in time" and that private contacts with Soviet officials on the issue were continuing.

Meanwhile Sig. Manca yesterday signed agreements here, extending $184m worth of Italian export credit to Poland. Some $60m is tied to exports of steel products, $60m to export of textiles and chemicals and another $64m is to go on imports of industrial machinery and equipment.

The five-year credit is to be taken up in the years 1980 to 1982 and carries an interest rate of 8 per cent. Another credit line, this time over five years in duration and valued at $180m, is still being negotiated with the Poles.

Italian exports to Poland in 1979 were $390m, while Polish exports last year reached $450m.

Talks resume on Moscow-Tehran gas deal

BY ANDREW WHITLEY IN TEHRAN

MR. REZA SALAMI, Iran's Economy and Finance Minister, arrived in Moscow yesterday at the start of a five-day visit during which the price of Iranian gas piped to the Soviet Caucusus is expected to top the agenda.

The gas supplies were halted some three months ago, originally for technical reasons, and had not been resumed.

Bilateral trade in the past four months is reported to have dropped by aproximately 40 per cent compared with the same period a year ago, largely because of the interruption of gas exports. These used to earn Iran up to $280m a year.

Soviet officials have been making strenuous efforts to increase their commercial interests here since the start of the crisis with the U.S.

Although they have not been as successful as their East European counterparts, agreements have been reached in principle on the expansion of overall trade and of Iranian land and sea entry points from the Soviet Union.

In April, when the last round of negotiations in Tehran on the gas price broke down, Iran was still sticking to its position that the price should be raised five-fold from 76 U.S. cents per 1,000 cubic feet to $3.80. The Soviet Union, in turn, refused to go beyond $2.66, a difference which amounts to $417m a year when the pipeline, Igat-1 is operating at full capacity.

Soviet doubts about the future viability of the scheme are believed to concentrate also on the low level of Iran's present oil output, which generates only half as much gas as is needed to meet the terms of the old deal with Moscow.

Nigeria part fakes worry car makers

By Kenneth Gooding, Motor Industry Correspondent

RAPID DEVELOPMENT of trade in counterfeit motor parts in Nigeria is giving cause for extreme concern, according to the UK Society of Motor Manufacturers and Traders.

The society has warned that UK manufacturers and their agents "can be expected to take legal action in Nigeria for heavy damages where infringements has occured."

Fake parts are mainly made in Taiwan and are sold at very low prices. They often carry the name of well-known, reputable manufacturers, whereas the counterfeiters in other parts of the world—the problem is widespread in Europe and the Far East too—use brand names which are not quite the same.

The society said yesterday that some of the parts could very seriously affect the safety of any vehicle to which they were fitted. It is therefore collecting as much information as possible to send to the Nigerian Ministry of Information.

Rome pressed for early decision on Alfa-Nissan plan

ROME—Mr. Takashi Ishihara, president of Nissan Motor, said he wants a decision by the Italian Government in two months on the proposed link-up between Nissan and Alfa-Romeo.

In an interview in the weekly magazine Espresso, he said: "I can see no reason for Italy to say no to the joint venture."

Half of the 60,000 cars to be produced in southern Italy under the proposed deal would be sold in Italy and the rest exported, he said.

Sig. Gianni de Michelis, the Italian Minister for State participation in industry, said recently a decision on the deal would be taken by the middle of this month. But political decisions have been held up by regional elections and the two Venice summits.

Mr. Ishihara also said he had talks with Fiat about co-operation in the spare parts sector but they had not come to anything.

The joint Alfa-Nissan venture would produce 60,000 cars a year in a new factory to be built near Naples, using engines from Alfa's nearby Alfasud subsidiary. The cars would be 80 per cent Italian and 20 per cent Japanese in value, using pre-stamped steel body parts from Nissan.

Asked about Nissan's intentions in Europe, Mr. Ishihara said if Nissan had wanted to use Italy as a bridgehead to enter the European market, it would have spent much more than the $15m (£6.3m) it plans to invest in the Alfa deal.

Meanwhile, Sig. Ettore Massacesi, chairman of Alfa Romeo, announced the merger of Alfa-Romeo and its subsidiary Alfasud, to form Alfa-Auto.

The state holding company IRI has approved a restructuring plan for Alfa-Romeo which also provides for the creation of two companies for Alfa's industrial vehicle and aeronautics activities, he told a prize-giving ceremony.

Agencies

Mexico risks trade conflict by wielding the oil weapon

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO HAS embarked on an ambitious new foreign trade policy which entails using the oil as a trade weapon in order to achieve the kind of free trade benefits which it could have gained through membership in the General Agreement on Tariffs and Trade (GATT). Mexico rejected membership of GATT in March.

The decision was basically political, not economic, and was made in the face of a barrage of opposition from manufacturers and trade unions who wanted to maintain Mexico's protectionist system.

Mexico's idea is to sell its oil to those countries which offer greater and freer access for Mexico's non-Oil exports and who also increase their investment in the country and offer technological co-operation.

Mexico's ambition is to avoid the pitfalls of other oil producing countries and not become just an oil exporter, although oil represented 55 per cent of total exports in the first quarter.

The policy, say Mexican officials, was encouragingly tested during President Lopez Portillo's recent trip to France, West Germany, Sweden and Canada—all actual or potential customers for Mexican crude.

Along with Japan, another oil client, they are the main new markets into which Mexico wants to break and so diversify away from dependence on the U.S.

However this policy could well bring Mexico into further trade conflict with the U.S. which currently takes 70 per cent of Mexico's exports and supplies it with 62 per cent of its imports.

Washington took a dim view of Mexico's decision not to join GATT—particularly as the terms of entry negotiated were the most liberal ever granted. There is a move in the U.S. to get tougher with the highly protected Mexican economy, a move which could be intensified as the U.S. is gripped by recession.

Essentially Mexico is seeking the best of both worlds. On the one hand it wants more favourable treatment for its exports and, on the other hand, it is reluctant to open up its own economy to competition.

Mexico wants trade package deals in return for selling its oil and not just straight commercial transactions. This desire for wide-ranging economic co-operation was emphasised in each of the joint communiques released at the end of the visits in Europe and Canada.

But this policy, which is specifically aimed at Mexico's industrialised trade partners, is fraught with problems.

First, Mexico has boxed itself into a corner with its oil policy, and critics are wondering how Mexico can use the oil as a trade weapon when its exports will only be in the order of 1.1m b/d—peanuts in world terms.

Pemex, the state oil monopoly, has said that it will not turn up the oil valves beyond a level which is sufficient to earn the revenue which the country can usefully manage.

That level currently stands at a high of 2.7m b/d. Production at the moment is approaching 2.2m b/d.

Many countries would like to receive as much Mexican crude as Pemex is willing to supply in order to reduce their dependence upon the volatile Middle East.

If Mexico is to really have success in this trade policy then it may have to increase oil production higher than it wants and thereby fall into the very trap which it is anxious to avoid—flooding the country with petrodollars and creating "economic indigestion."

Second, its oil-importing clients are capitalist countries. While good will may exist to increase investment in Mexico, Governments are not in a position to force their private industry to establish joint ventures in Mexico.

MEXICO'S TRADE BALANCE

	1978 $m	1979 $m	Rise on year (%)
TOTAL EXPORTS	6,217	8,913	43.4
Agricultural and Livestock Sector	1,975	2,285	15.7
Extraction Industries	1,988(oil 1.7bn)	4,104(oil 3.7bn)	106.4
Manufacturing Industries	2,255	2,524	11.9
TOTAL IMPORTS	8,144	12,097	48.5
Consumer Goods	427	678	58.8
Industrial Raw Materials	5,316	7,412	39.4
Machinery and Equipment	1,981	3,407	72.0
Freight and Insurance	419	600	43.2
Public Sector	3,085	3,851	24.8
Private Sector	5,059	8,246	63.0

Source: Bancomer with data from the Bank of Mexico

Third, as Mexico has decided not to join GATT its major trade partners—all of whom belong to GATT—might not be able to make a special case for Mexico and reduce tariffs without extending the same terms to other GATT countries.

It is understood that Mexico has not asked for tariff preferences, but is concentrating on encouraging inward investment, especially in the capital goods sector.

On the oil level problem there are signs of greater flexibility.

According to a Commerce Ministry adviser closely involved in the GATT issue, Pemex will have a margain of about 400,000 to 500,00 b/d by the end of the year of uncommited exports, and these will go to those countries which must fall in line with Mexico's policy.

Currently 1.1m b/d exports are committed. On the basis of 2.7m b/d production, of which Mexico would consume about 1.2m, this leaves 400,000 b/d uncommitted.

To emphasise this point the official said that Canada could well have been granted a 100,000 b/d commitment during President Topes Portillos visit, instead of 50,000 b/d, if it had come up with proposals to help Mexico build up a pulp industry.

As regards its trade with the developing world, Mexico is trying to breath new life into the Latin American Free Trade Association (LAFTA), which will meet for 11 days in Acapulco from June 16.

Mexico's idea is to seek complementary agreements to establish industries in Latin America which would reduce the continent's dependence upon imports.

At the same time the Government has stated that it will continue its policy of trade liberalisation by substituting import licences with tariffs which will be gradually reduced. However, the 1300 products remaining which need licences represent 60 per cent of Mexico's imports.

In such a climate Mexico's coddled manufacturing industries are unlikely to feel the pinch to become very competitive.

UK NEWS

Brokers 'could hit' overspending councils

BY ROBIN PAULEY

A SENIOR member of the Stock Exchange has proposed that high spending local authorities could be penalised to the tune of millions of pounds a day by brokers refusing to place money with them.

Mr. Victor Robson, chairman and managing director of Robson Cotterell, which is based in Bournemouth and is a limited corporate member of the Stock Exchange, has made strong representations to the Prime Minister about overspending by councils.

His own company places £1m a day with local authorities as two-day, seven-day, one-month, three-month and call money. A large amount of the money is placed on behalf of building societies. His company also purchases local authority yearling bonds for private clients.

"The Financial Times recently published a list of 21 councils at the top of the 1980-81 overspending league. Council overspending and rating levels are a disgrace and if councils are not prepared to cut expenditure at a time of economic difficulty and act responsibly, there is no reason why they should be supported.

"There are more than 400 other councils in England and Wales who behave more responsibly than the worst 20 or so and we can place our money with them instead," Mr. Robson said yesterday.

In his representations to the Prime Minister, Mr. Robson emphasised that councils disregarding Government requests for cuts in expenditure and staff levels could be disciplined by the financial community simply refusing to place money with them or withdrawing money already placed at the end of the appropriate term.

"Those who deliberately will not comply with Government policy should be left in no doubt about the possible consequences as to their borrowing ability. Like it or not, they too are subject to market forces and another type of cash limits," Mr. Robson said.

Mr. Robson is also playing an active part in the local campaign in Dorset mounted by the Confederation of British Industry against the rate levels—up by 23.8 per cent in 1980-81.

"We pay a lot of rates, and as a protest we have stopped paying them half a year or a year in advance and are now paying them by monthly instalment.

"I have discovered that many other firms have taken the same action this year, and if everybody did the same it would change local authorities' cash flow and force them into more short term loans. If that borrowing was also more difficult they might at last start to feel that they should act responsibly," he said.

Companies' bonus payouts

BY JAMES McDONALD

BRITISH COMPANIES are paying their office staff cash incentives or bonuses ranging from a few pounds up to as much as 30 per cent of their annual salary.

A national survey by the Alfred Marks Bureau of 382 companies, employing more than 100,000 office staff, finds that profit sharing, cash bonuses and longer annual holidays are the most preferred fringe benefits of office staff. More than half the companies surveyed are paying cash incentives or bonuses.

In addition to—or as an alternative to—bonuses and other types of incentive, over one quarter of the companies give their office staff a Christmas present—excluding cash—with a turkey the most common gift.

"With most salary reviews taking place once a year and inflation at over 20 per cent, it is hardly any wonder that staff value the perks that give them extra cash in hand and the time in which to spend it," says Mr. Bernard Marks, bureau chairman.

Holidays for office staff increased significantly in the past two years, the survey finds. The average length of paid annual holiday is now 20.5 days—more than three days up on 1975 "and 1980 marks the breakthrough of the four week barrier. One-third of all office staff now enjoy between 21 and 24 days a year and 5 per cent have five weeks holiday or more."

Sick pay, holidays, training subsidies and assistance, and pensions are the four most common fringe benefits, with long holidays and cash incentives and bonuses seen as the most attractive.

About half of the companies allow staff to work staggered or flexible hours, 44 per cent offer assistance with season tickets, and around 20 per cent give staff low interest personal loans and telephone allowances.

Fringe Benefits for Office Staff, Statistical Services Division, Alfred Marks Bureau, 84-86, Regent Street, London, W1. £36.

● NEWS ANALYSIS—WILLIAM HALL LOOKS AT THE PORT OF LIVERPOOL

Merseyside problems—ten years on

IT IS ten years since Mersey Docks and Harbour Board first embarrassed the Government by defaulting on its debt. Since then, it has closed south docks, had a capital reconstruction and reduced its workforce from more than 10,000 to 6,800. However, its problems still seem intractable.

Last week, the Government removed Sir Arthur Peterson as chairman of Mersey docks. This sparked off the resignation of another Government-appointed director, Mr. Melise Nicolson, a respected shipowner. Sir Arthur has been moved to the National Ports Council, which is being wound up, and Sir John Page, present chairman of the ports council, is taking over as head of Mersey Docks and Harbour Company, a post he held a few years ago.

It is not clear what the reshuffle is intended to achieve. No one has given a reason for the Mersey docks changes but it is believed that Sir Arthur's only crime was to highlight the inconsistencies of successive Governments' policies towards Britain's two major ports, London and Liverpool.

Both have had to adapt their ancient facilities and working practices to the container revolution and the decline in conventional trade. This has resulted in the loss of several thousand jobs. The Port of London Authority has received substantial Government aid to help it meet the cost of its severances but Liverpool has had to find the severance money from its own resources.

Since 1970 Liverpool has spent £20m on severance payments to redundant dockers and staff. It is clear that this has sapped what little financial strength it had left after the 1974 capital reconstruction. Last year Liverpool spent £5.6m on severance and lost a total of £7.5m.

It now has an accumulated deficit of £8.7m, close to £20m of unfunded pension liabilities and has been forced to neglect much needed investment and maintenance. Its financial problems have been exacerbated by the continuing decline in trade through the port.

In 1971 over 30m tonnes of trade passed through Liverpool. By last year this had dropped to 15.4m tonnes. Although it has put up its port charges its total revenues have stagnated for several years. Indeed, since 1976 Mersey Docks' annual revenues have only risen by £5.5m while its annual wage bill has increased by £7.5m despite heavy redundancies. Its financial problems are now so large that there seems little chance of Mersey solving them on its own.

Although voluntary severance schemes are still in existence many dockers are reluctant to take advantage of them—there is no such thing as compulsory severance—because of the area's chronic unemployment currently around 12 per cent. As a result Liverpool's wage bill is far higher than it should be.

Last year the port's accounts were qualified by the auditors, underlining the serious financial position. The National Ports Council is making a detailed study of the company's future. As part of the study the adequacy of financial resources to continue the company's operations will be considered and discussed with the Department of Transport.

The study should be finished by the autumn and it will probably prove embarrassing for the Government. Ideally, the Government would like Britain's major ports to sort out their own problems without state assistance. However, the Government has made an exception for the Port of London Authority because it feels it had to honour the previous Government's commitment.

Although the study has not been completed yet, Liverpool should not find too much difficulty in arguing for similar assistance. The Government will then have to decide what to do. If it does not help Liverpool there is a good chance that the port will have to call in the receivers again.

While the Government debates Mersey docks, the port's shareholders, who lost most of their money in the capital reconstruction, are also becoming increasingly restive.

The principal features of the 1974 scheme were a 60 per cent write down of the company's debenture stock and the creation of £20m of redeemable subordinated unsecured loan stock and £2m of share capital as partial compensation for stockholders.

The company is obliged to redeem the loan stock from the net proceeds of land sales and from appropriations from profits as and when it has sufficient cash in the bank. Since 1974 the Merseyside property market has been very depressed. There have be no significant sales of land. So far, 8p in the £ of loan stock has been redeemed—of which only 2.5p has been from the proceeds of property sales. Repayments have now stopped because of the severity of the Mersey Docks financial situation.

The Mersey docks board believes that in the absence of any offer to purchase surplus dockland at realistic prices the best way of enhancing the company's surplus land value to the ultimate benefit of the unsecured loan stock holders, is to lease it for development.

Many shareholders believe this policy is contrary to the spirit of the 1974 capital reconstruction which provided that proceeds from surplus land sales would go direct to the stockholders. At last week's annual general meeting dissident shareholders attempted to unseat the chairman of the stockholders advisory committee. They felt he had not tried hard enough to persuade the Mersey docks board to sell the land.

In the absence of land sales many stockholders would at least like the benefit of the rental income from the developments. But, so far, they have been unable to persuade the board of the validity of their case.

The problem of the surplus land sales has been further complicated by the establishment of the Merseyside Urban Development Council to regenerate the Merseyside dock area. This further limits the freedom of manoeuvre on future property schemes.

MERSEY DOCKS AND HARBOUR CO.

	Av. workforce	Trade m. tonnes	Revenues £m	Profit (loss)* £m
1973	9,485	25.9	37.2	(4.2)
1974	9,626	26.4	39.8	(3.9)
1975	9,410	22.5	52.2	(0.1)
1976	8,529	21.3	60.8	5.2
1977	8,275	18.5	62.7	4.6
1978	8,094	15.9	64.4	1.2
1979	7,397	15.4	66.3	(1.8)

* Before severance costs £2.7m 1978, £5.6m 1979.

Fiat may reintroduce superchargers in cars

BY JOHN GRIFFITHS

FIAT IS seriously considering reviving the supercharger, which had its heyday in motor racing between the World Wars, for its production car ranges.

The company believes it can be used to provide a 1.3 litre engine, such as is fitted to its cheapest Mirafiori model, with equivalent performance of a two-litre unit—but with significant fuel savings.

While Fiat's subsidiary, Abarth, has concentrated its supercharger development programme on the Mirafiori, Fiat believes such engines could be used beneficially in all its middle-range cars.

A supercharger works by driving the fuel/air mixture into the engine under pressure, substantially increasing the power available. Its traditional disadvantages are the high loadings on the engine, which reduce its life, and the counter-productive power loss and extra fuel consumption entailed by driving the supercharger from a crankshaft pulley. These led to it being ignored by major manufacturers in the post-war period.

Recently manufacturers, led by Saab, have been turning to the turbocharger to provide more power without an excessive fuel consumption penalty. The principle is the same as the supercharger, but the turbo is driven by the car's exhaust gases, thus avoiding the power losses of a mechanical drive. Against that, the turbocharger builds up extra power rather more slowly than the direct-drive supercharger.

Fiat believes that, with traditional problems of engine durability overcome, a breakthrough for supercharging has been provided by more effective die-casting techniques, making possible the production of lightweight superchargers in volume.

The aluminium unit fitted to its 1.3 litre test models weighs 35 lbs. Fiat claims that at constant speeds between 40 and 110 mph it provides a 10 per cent fuel saving on its two-litre engine, rising to 23 per cent "when driven carefully." It claims a 39 per cent increase in torque over the two-litre unit.

Tourist Board to invest £4.2m in improvements

FINANCIAL TIMES REPORTER

THE ENGLISH Tourist Board has announced a number of selected investment programmes for tourist projects in England's assisted areas under Section Four of the Development of Tourism Act 1969.

The projects include: help with improvements to accommodation in such resorts as Blackpool, Skegness, Torbay, Ilfracombe, Scarborough and the Lake District; development of high-quality self-catering from redundant farm buildings in North Devon, the Peak District and the North Pennines; and development of services for "business tourism" in such key areas as West Yorkshire, Hull, Liverpool and Manchester.

Other programmes include the provision of facilities for outdoor recreation in the Lake District and the West Country and encouragement of projects promoting England's maritime history.

The Board is confident that cheaper loans—made possible by the ETB interest relief grants on loans raised from the private sector which were introduced this year—will be a stimulus to tourist development in the assisted areas this year.

A total of £4.27m is available to the Board in 1980-81 to provide assistance to Section Four projects. Most of this will be in the form of interest relief grants which the Board hopes will generate capital spending of over £30m.

April statistics reflect furniture industry slump

FINANCIAL TIMES REPORTER

THE SLUMP in the furniture industry is reflected in April statistics published by "British Business." Domestic furniture deliveries to the trade in the month, worth £74.8m at current prices, were £13.3m less than in March and £11.4m down on April, 1979.

The Department of Industry's seasonally-adjusted index of deliveries (1975=100) for April, at 84, was 10.6 per cent lower than in March and 28.2 per cent below the 1979 level.

The three-monthly average index to end-April, at 91, was 10.3 per cent less than in the previous three months and 19.5 per cent down on the same period of last year.

The Department's index of orders-on-hand by the furniture industry also continues its sharply downward trend. At 53 at end-April, it was 11.8 per cent down on the month before and 41 per cent lower than a year earlier.

The three-month average index to end-April, at 60, was 18.4 per cent down

Mexico orders £12m UK drill rig

By William Hall, Shipping Correspondent

BRITAIN'S ONLY jack-up drilling rig-builder, UIE Shipbuilding (Scotland), has won an order for a £16.5m ($38m) drilling rig for a large Mexican drilling company, Perforciones Marinas de Golfo (Permargo).

The order will help remove the uncertainty over the future of the Clydeside rigbuilder which used to be owned by Marathon Shipbuilders. At the end of April the French-owned Union Industrielle et d'Entreprise, took over the yard.

UIE Shipbuilding launched its latest jack-up drilling rig yesterday for Saipem AG. The new order is for a similarly designed rig.

Since the French takeover, the yard's workforce, which is relatively old, has been reduced from 980 to about 740.

The contract, due for delivery in July 1981, will provide continuity of work for 14 months.

The yard still hopes for orders for North Sea work, in line with its declared policy of diversification. These would include the contract for a platform for the Brae oil and gas field.

Leukaemia treatment 'may strain NHS cash'

By David Fishlock, Science Editor

SUCCESS IN treating the cancer which causes leukaemia is threatening to be a financial embarrassment to the National Health Service.

This is the conclusion of a report from the Office of Health Economics, thinktank of the British pharmaceutical industry, which estimates the cost of a bone marrow transplant for a leukaemia patient at £5,000-£6,000.

In addition, the patient requires preparatory treatment costing £5,000-£10,000 before he is ready for the operation.

British hospitals are treating about 50 patients a year, but the OHE estimates the demand at 300-500 operations a year. Demand will be still higher if problems of tissue matching can be overcome.

The NHS spends about £500m a year on cancer treatment. Of this, about £15m is spent on leukaemia patients.

The OHE suggests the Health Department should exercise more direct control over the use of NHS resources for expensive treatments, including heart and kidney transplants.

● *Leukaemia: towards control. OHE Paper No. 68. Office of Health Economics, 162 Regent Street, London W1R 6DD. 60p.*

London Transport will publish criticisms

BY RAYMOND HUGHES AND LYNTON McLAIN

LONDON TRANSPORT agreed yesterday to publish a highly critical report of its management structure, on the same day that it defeated in the High Court a move to make its financial accounts more open to public scrutiny.

The LT executive was forced to back down from its refusal to publish the report, by PA International Management Consultants, after Sir Horace Cutler, Leader of the Greater London Council, told Mr. Ralph Bennett, London Transport chairman, in a letter that he had "no choice" but to publish.

Mr. Bennett responded by immediately agreeing to publish the report in full today.

In the court case, caused by an attempt by the Department of the Environment to make London Transport accounts open to scrutiny, Mr. Justice Whitford upheld the executive's argument that the system of auditing its accounts should be changed to one which could be three times more expensive.

The judge said that it might or might not be desirable that LT's accounts be audited on a different basis, for the sake of public accountability, but that could not be achieved by the "rather fanciful" interpretation of an Act of Parliament put forward by the Department.

The way in which LT's accounts should be audited had been laid down by the Transport (London) Act, 1969, said the judge. The accounts had been audited for 10 years by Deloittes, and nobody questioned those audits.

However, the Department had decided that the position had been changed by the 1972 Local Government Act, as a result of which, it claimed, LT's accounts should be put on the same footing as those of local authorities.

An audit under the 1972 Act would mean that there must be a far more detailed investigation of the accounts with, at least on the face of it, a possibility for inquiry by local government electors.

London Transport said that while that might be appropriate for a local authority, it would not be for a body such as itself.

Its principal objection was that an audit under the 1972 Act would be three times as costly as the existing system, which, said the judge "would undoubtedly have repercussions in an organisation which finds difficulty in keeping costs down."

London Transport Executive was a body appointed by the GLC, and carried out functions not dissimilar from those carried out by other local authorities, who frequently made arrangements for public transport, the Department contended.

The judge said that London Transport could not in any way be compared with the type of public bodies listed in the 1972 Act.

He granted it a declaration that its accounts should continue to be audited in accordance with the 1969 Act.

Minister urges 'atoms for peace'

BY DAVID FISHLOCK, SCIENCE EDITOR

NO LONG-TERM strategy for meeting Britain's energy needs was possible without using nuclear power, Mr. Norman Lamont, Energy Minister, told an international conference on the future of nuclear energy in Stockholm today.

Britain's fossil fuel reserves were insufficient to safeguard it aganist energy crises in the future, he said.

In a vigorous defence of the merits of nuclear energy, he urged the international nuclear industry to revive its earlier slogan of "atoms for peace."

From the 1990s, Britain would again become an importer of energy, he forecast.

It was spending heavily on nuclear energy because this was a proven source of energy. There was no guarantee that "throwing money" at the renewable sources of energy would solve their problems.

Nuclear energy could play a crucial role in reducing the threats to world peace from present international dependence on Middle East oil supplies and from the throttling of Third World ambitions by the high cost of oil.

But Mr. Lamont described allegations that the British Government was concentrating exclusively on nuclear energy as "a gross distortion of the truth." Its long-term energy strategy was based on the use of coal, on conservation and on nuclear energy—the so-called "co-co-nuke policy."

The UK nuclear and electricity supply industries deserved more credit for their safety record "than they have sometimes received." He referred to the loss of 130 lives in the recent Alexander Keilland oil platform accident, and said he wondered whether public reaction to their deaths would have been as short-lived had it been a nuclear accident.

For Britain, the decision to build a pressurised water reactor power station was a step of considerable significance.

"However, given the preponderance of PWRs throughout the rest of the Western world, we believe it could be unwise not to have this option in the UK. The international spread of PWRs means that a wealth of research and know-how is available, not least on safety matters."

Britain's PWR plans had been criticised as a crash programme. But France, Germany and Japan "could well have nuclear programmes in operation in the late 1980s that are as large or larger than we shall have in the year 2000."

Mr. Lamont said those who opposed it failed to realise what a "very considerable potential force for good in the world" was nuclear energy. It could help make war less likely, and could help to relive the economic plight of the poorest countries.

To illustrate the "enormous disparities" between nations in energy consumption, he said the average American consumed as much energy as nine Cubans, 16 Chinese, 53 Indians or 1,072 Nepalese.

Dr. Sigvard Eklund, director-general of the International Atomic Energy Agency, said the world's nuclear industries had learned an important lesson from the accident last year at Three Mile Island, just as NASA had learend important lessons from the Apollo fire in which three astronauts died. Without the changes made after that accident, the moon landing would have failed, Dr. Eklund said.

Forlink in pledge on Bamfords

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FORLINK, which has acquired certain assets of the agricultural machinery specialists Bamfords, undertook in the High Court yesterday not to dispose of, charge, or otherwise deal in the assets without the court's permission.

The assets were transferred to Forlink, a subsidiary of Bamfords, under a hiving-off agreement.

The undertaking had been sought by Gardner Steel, whose petition for the compulsory winding-up of Bamfords, based on a debt of £50,802, is due to be heard on June 30.

Mr. Justice Vinelott continued until the hearing of the petition an order he granted Bamfords on June 3. This gave the company leave to sell existing stock, machinery and spare parts pending the petition. It also permitted Bamfords to open a new bank account from which certain wages and other liabilities could be paid.

The judge said then that the order was needed to secure Bamfords' property and to enable it to dispose of stocks and completed machinery at the most advantageous time.

Yesterday the judge rejected an application by Gardner Steel for a direction that Bamfords file more evidence about its directors' knowledge of the windingup petition.

He had been told by Mr. Daniel Serota, for Gardner, that there was a suspicion that the state of Bamfords' directors' knowledge of the petition had been misrepresented at the last court hearing.

Benin collection sale fetches £747,660

SALEROOM

BY ANTONY THORNCROFT

ONE OF the finest collections of works of art from Benin, Nigeria, still in private hands, sold for £747,660 at Sotheby's yesterday. The three most important lots, out of a total of 24, all sold to the same anonymous private buyer and the bought-in percentage was a reasonable 12.7.

The collection had been formed in recent years by Mr. Adolph Schwarz of Amsterdam, and after the auction it was announced that all the three top lots would be returning to Nigeria.

Mr. Schwarz's skill in building up a collection in this fast appreciating sector of the art market is indicated by some comparative prices. An early Benin bronze memorial head of an Oba chief, probably made in the early 14th century, sold yesterday for £200,000, a record auction price for any Benin item. In 1954 the head sold at Sotheby's for £320.

Laker's plans set for boost

BY LYNTON McLAIN

PLANS FOR Sir Freddie Laker's round-the-world Skytrain are likely to be given a boost this afternoon.

Mr. John Nott, Trade Secretary, is expected to confirm Laker Airways as one of the new airlines to fly the London to Hong Kong route.

However, yesterday staff from British Caledonian Airways — one of Laker's rivals for the route — marched on the House of Commons in protest at the possibility that BCal may lose its rights to fly in competition with British Airways on the route.

Staff at BCal are worried that their jobs and the company's investment in new aircraft may be at risk if its exclusive licence to fly against BA, granted by the Civil Aviation Authority in March, is taken away. Loss of this exclusive licence may cost BCal £40m in lost revenue.

Cathay Pacific Airways, the local Hong Kong operator is the other airline anxiously waiting for Mr. Nott's ruling on appeals against the authority's decision.

The decisions are expected to be made by Mr. Nott in the House of Commons later today.

Sir Freddie, chairman and managing director of Laker Airways, said yesterday he was "over the Moon" at the prospects of gaining rights to fly to Hong Kong.

He said: "This is a golden opportunity to see if free competition works. Hong Kong is one of the few air routes in the world where the UK Government is able to show in practice its attitude to competition."

Mr. Nott is expected to grant at least limited licences to Laker Airways, British Caledonian Airways and Cathay Pacific Airways to enable potential passengers to be offered complete freedom of choice.

Motor agents seek easier terms

By John Griffiths

THE GOVERNMENT is to be asked to ease hire-purchase restrictions on used cars.

The Motor Aents' Association, representing the retail end of the motor trade, is preparing a case which it hopes to put to the Government in about a week.

With both the new and used car markets heavily depressed, the association said yesterday that many of the country's 9,000 dealerships were under "terrific pressure" from high interest rates and their inability to move stocks.

The association has been under pressure to seek easing of presnt terms on both new and used cars. At present a minimum deposit of one-third and a maximum repayment period of two years are required.

But the association clearly fels that without a U-turn in Government economic policy its chances of securing a concession on new cars are minimal.

By seeking concessions for the used car market, "it should help dealers to start moving metal without bringing in more imports, because the cars are already here."

The trade is not without its sceptics about the move. Some dealers fear that the proposed extension of the repayment period to three years would mean that many owners, needing to change vehicles after two years, would have insufficient equity in their cars to afford a new one.

Agreement on 870 more job losses at Shotton steelworks

BY ROBIN REEVES, WELSH CORRESPONDENT

AGREEMENT HAS been reached between management and trade unions on a further 870 redundancies at the British Steel Corporation's Shotton works, North Wales.

It will reduce the number of employees at the plant to 3,386. It brings job losses at the Deeside works over the past six months to more than 7,000.

An agreement to end iron and steel making at Shotton, with some 6,400 redundancies, was signed just before last Christmas. The bulk took effect in the first three months of the year. Most of the latest steel men to be made jobless will leave at the end of the month.

The new deal covers the cold rolling mill and finishing — coatings complex—opened only a year ago at a cost of £46m. It is now geared to process 10,000 to 12,500 tonnes of hot rolled coil a week, supplied from BSC's Ravenscraig plant in Scotland.

Shotton's redundant workers will receive ex gratia severance payments averaging £10,000 per person.

This is more than was recently agreed for the 11,300 redundancies at Port Talbot and Llanwern in South Wales.

The Shotton agreement is based on 50 weeks' wages, stemming from BSC's one-time commitment to maintain iron and steel making there at least until 1982. At Port Talbot and Llanwern there have never been similar commitments, the redundancy payments are based on 20 to 45 weeks' wages depending on length of service.

The Shotton agreement leaves negotiations outstanding on 1,200 of more than 20,000 redundancies being effected at BSC's Welsh plants. BSC's deadline for completing negotiations is the end of the month.

Swindon companies warn of threat to jobs

BY OUR FINANCIAL STAFF

THREE companies in Swindon, Wilts., announced yesterday that they were in financial difficulties. As a result, more than 160 jobs will be at risk.

Two of the companies have called in receivers. Ane, Limond Electronics, was set up last year but has now virtually stopped production. It employs 87 workers in the radio and micro-electronic business and had hoped to manufacture mini computers, VHF radio equipment and marine equipment.

The receiver has also been called in at Thomas Try, chromium plating company which employs about 30 workers and which is appealing to customers and suppliers for help.

At Bradley Engineering, 45 workers will be made redundant as a result of the company's decision to drop its dealership for Talbot cars and Leyland truck servicing. It will retain skilled men to work on general engineering sub-contracting business.

Moratorium plan attacked

BY ANDREW TAYLOR

A MOVE to place a moratorium on new building work by local authorities would mark the complete failure of Government policies to control public spending and switch resources to the private sector, construction industry leaders said yesterday.

Mr. Kenneth Cooper, director-general of the National Federation of Building Trades Employers, said such a move would drive the construction industry into an even deeper recession and force many companies into bankruptcy.

The Government is considering a moratorium as a means of keeping public spending within planned ceilings. It has become concerned at the continued failure of local authorities to reduce staffing and spending levels.

Mr. Derek Gaulter, director-general of the Federation of Civil Engineering Contractors, said a moratorium would be an admission that the Government's economic policies had failed. It would mean that public sector jobs were to be preserved at the expense of the private sector.

The builders' federation has warned the Prime Minister that a moratorium, a "discredited device," would "undermine the credibility of your new approach to economic policies."

Bottle and can industry opposed to recycling

By Robin Pauley

A CHANCE to save consumers in Britain £90m a year simply by using more returnable drink bottles may be lost because of opposition from can and bottle manufacturers. This is claimed in a minority report from a member of the committee examining the subject.

The split of opinion on the Waste Management Advisory Council package and containers working party resulted in the publication of the confidential majority report yesterday.

Friends of the Earth, who produced the minority report, said they had taken the "difficult decision" to release a confidential report to Government because they felt the industry representatives on the committee had acted unfairly.

The majority report, supported by the metal, glass and plastics industry representatives, recommends no action to implement proposals including:

- a complete ban on non-refillable containers;
- mandatory deposits on all drink containers;
- a tax on drink bottles and cans;
- requiring retailers selling non-returnable containers to also stock equivalent returnables.

The report recommends instead that existing systems should be improved to make more efficient use of energy and raw materials.

The minority report by Mr. Andy Cawdell, Friends of the Earth representative on the committee, says the majority report was based on an unrealistic assumption that all non-returnable bottles would be banned: he had assumed an increase of returnable containers from the present 50 per cent to about 80 per cent.

If there were no change in consumption, benefits would then include:

- A 25 per cent saving in energy.
- £90m per year saving in container costs, assuming containers could be used on average 10 times.
- Saving of 600,000 tonnes of raw materials a year.
- Saving of 50 per cent in waste disposal costs.

The majority report says that changing to an all-refillable system of drink containers would mean the loss of 7,000 to 9,000 jobs, mainly in South Wales canning industries. Additional employment in distribution and retail sectors to handle returnables might offset some of this, however.

Trade figures improve

BY DAVID MARSH

BRITAIN has run a sharply reduced deficit on the current account of its balance of payments in the last three months, largely as a result of a fall-off in imports and the increased value of oil exports.

Invisibles' earnings have been improving compared with the slack period towards the end of last year.

The current account shortfall during the March-to-May period was £256m against £584m during the December-to-February kuarter, according to provisional seasonally adjusted figures published yesterday by the Department of Trade.

The deficit on visibles trade narrowed to £458m from £799m, while the surplus on invisibles is estimated at £202m compared with £215m in the previous three months.

The invisibles' surplus during the first three months of the year has been revised upwards to £306m from the previous estimate of £150m. Britain's surplus on services, interest, profit and dividends and transfers payments has thus improved compared with the final quarter of last year, when the surplus was down to only £34m.

Britain had a surplus of £29m in oil trade during the March-May period, compared with a deficit of £209m during the previous three months. The volume of crude oil exported fell by 3.5 per cent, but its volume went up by 19 per cent.

The volume of total exports fell by 3 per cent during the two three-month periods, while imports dropped by 4½ per cent.

The terms of trade—the ratio of export to import prices—rose slightly during the three months to 101.4 (1975=100) from 101.3. This follows a decline of about 2 per cent in the first quarter of this year.

BALANCE OF TRADE

		Exports (£m seasonally adjusted)	Imports (£m seasonally adjusted)	Exports (Volume seasonally adjusted 1975=100)	Imports (Volume seasonally adjusted 1975=100)	Terms of trade *Unadjusted 1975=100	Oil balance £m
1978	1st	8,390	9,023	120.1	113.6	105.0	−625
	2nd	8,676	8,862	121.0	109.1	104.5	−419
	3rd	8,933	9,401	122.5	115.0	106.1	−497
	4th	9,072	9,278	122.5	112.9	106.5	−458
1979	1st	8,373	9,961	109.0	116.9	107.0	−235
	2nd	10,658	11,144	135.3	128.9	106.4	−229
	3rd	10,841	11,134	129.8	128.1	106.8	−158
	4th	11,017	11,762	129.3	128.9	103.7	−157
1980	1st	11,832	12,570	137.3	126.5	100.7	−126
	Mar.	3,835	4,010	127.7	122.7	100.6	− 5
	April	3,885	4,149	127.2	127.6	101.8	+ 44
	May	3,973	3,991	130.2	121.4	102.0	− 10

* Ratio of export prices to import prices

Source: Department of Trade

Germany spends more on research work

John Elliott, Industrial Editor, examines the National Economic Development Office comparisons of State aid for industrial research and development.

GERMAN INDUSTRY receives at least four times as much financial support from its Government for research and development than is provided in Britain, according to the National Economic Development Office.

The West German Government has a data processing programme and research and development promotion which totals some £350m a year compared with only £90 spent by the British Government, largely through research development Boards.

"Typical of the thinking behind these measures is the German view that competitiveness now depends crucially upon innovation and quality performance, and that lack of resources should at no point be allowed to hold up the implementation of potentially viable innovation," says a paper which the office presented to the National Economic Development Council yesterday.

The paper summarises aid schemes in other countries and has been prepared at a time when British industry is becoming increasingly concerned that companies are cutting back on their research projects because of the recession.

The National Economic Development Office believes that more aid should be provided by the Government, despite the opposition of Sir Keith Joseph, the Industry Secretary. It produced yesterday's paper to provide detailed evidence.

It said that there has recently been a shift away from specific sectoral aid schemes in foreign countries which now favour more general comprehensive programmes.

"This is a trend away from picking winner industries and towards promoting a modern industrial base from which more successful products will emerge," said Mr. Geoffrey Chandler, director general of the office.

The paper dealt with what are called "positive adjustment policies" which means aid schemes aimed at encouraging industrial change rather than propping up dying industries.

"There has been a growing disenchantment with selection borne of the past failure of government officials to 'pick winners,' the recognition that powerful lobbies often lead to spending money on propping up losers instead, and the tendency of various governments to pick the same industries for special treatment without regard to the market share aspirations of other governments, and so cancel out each other's efforts," says the paper.

Explaining the main reasons for adopting adjustment policies, the NEDO says "France in particular, and increasingly other European countries, have recognised that Governments can increase the speed with which capital, technology and labour are recombined both between industries and within industries.

"In energy-rich countries like Holland, Norway and the UK, a high exchange rate can reduce the growth of industrial production and create even greater pressures to change the distribution and efficient combination of resources."

Policies could help companies identify and exploit hih technology and product opportunities, spread the costs of adjustment, increase information and understanding, remove restraints on competition, and direct resources, it says.

The largest number of examples of schemes found by the NEDO during a recent survey were in France, Holland and West Germany. Other countries covered include Belgium, Denmark, Eire, Italy, Luxembourg, Norway, Sweden and Switzerland.

In the early 1970s, Japan and France started "picking winners" and supporting them selectively. This led to the development of schemes for specific sectors of industry in other countries.

Recently sectoral schemes have become more open-ended with Belgium concentrating on diversification and Denmark, Holland, Sweden on management restructuring. Denmark, France and Switzerland have also concentrated on higher technology.

The Dutch have recently introduced a comprehensive set of measures which combine a sectoral approach with a flexible system of investment incentives and the promotion of research and development.

The French, says the paper, have a wide range of discretionary instruments which can be put together in varying packages.

"A large group of the adjustment policies surveyed are intended to assist the national suppliers and users of the new high technologies to catch up and to co-exist with the leaders in these fields," says the paper. "The emphasis here is upon diffusion and not, on the whole, upon promoting national champions."

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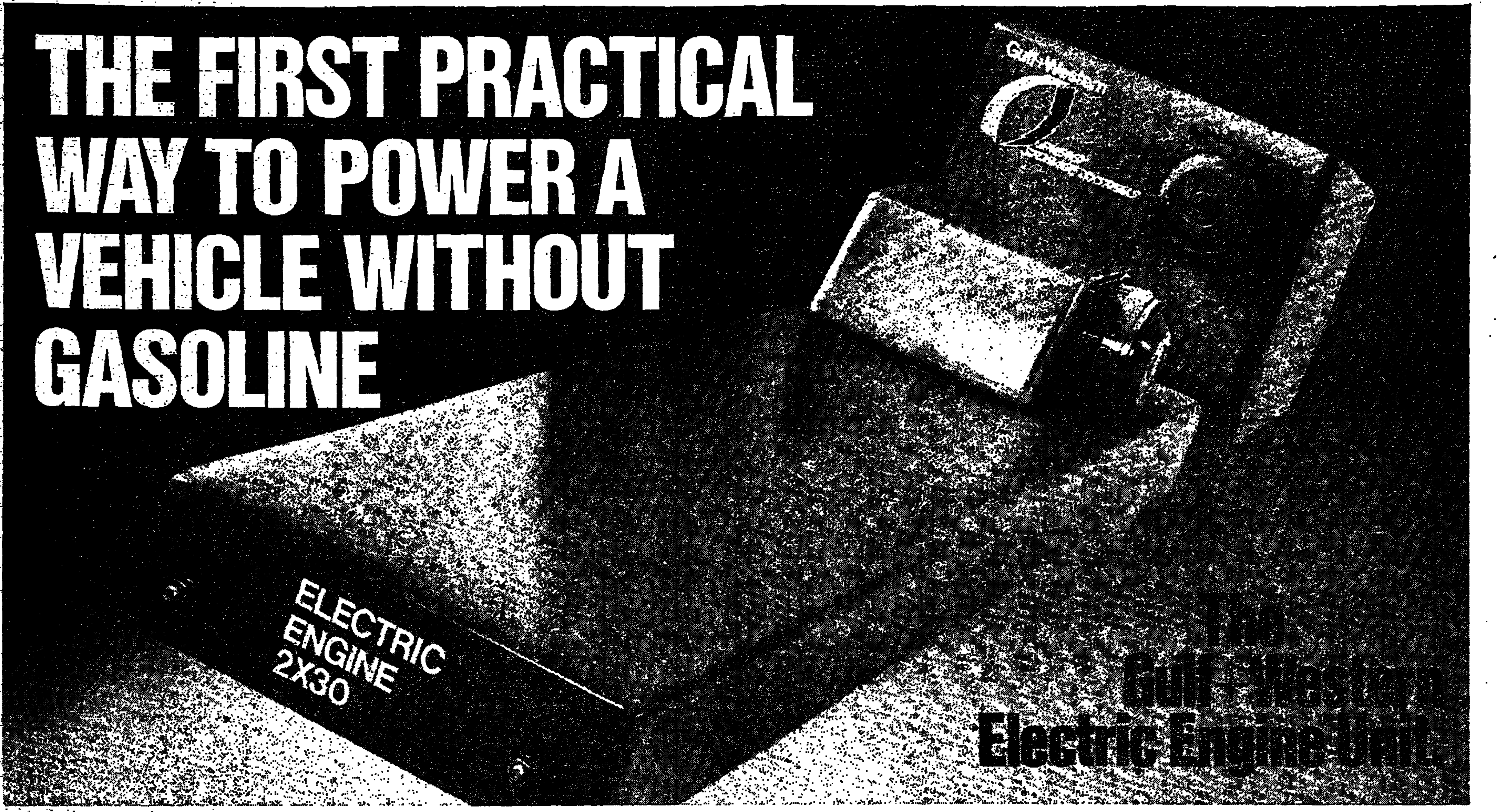

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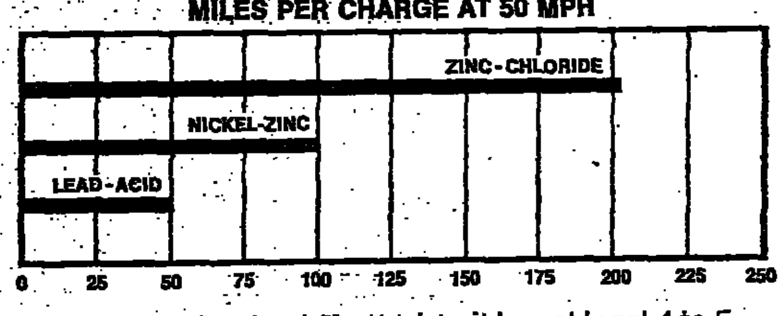

Compared to lead-acid batteries, it has at least 4 to 5 times as much energy per pound—and twice as much as nickel-zinc batteries. The cells—the heart of the G+W Electric Engine unit—have achieved, in a test model, over 4 years of daily, continuous cycling—charging and discharging fully 1400 times—*the equivalent of 200,000 miles* of continuous performance without failure and without any cell degradation. This is a *significant development since the* cells in nickel-zinc and lead-acid degrade with each cycle.

The Electric Engine unit replaces several hundred parts necessary with an internal combustion engine, and it is not limited by design constraints. When adapted to a Volkswagen Rabbit, in actual performance, it achieved acceleration from 0 to 30 MPH in 9.8 seconds.

IT WILL POWER A CAR APPROXIMATELY 150 MILES AT 55 MPH ON A SINGLE CHARGE, REPEATEDLY.

According to U.S. Government statistics, that's 50% farther than 99% of all automotive round trips made in the United States. So it's quite probable that the electric vehicle is destined to become the 'first' or 'primary' car for the American family, rather than the second.

In fact, we estimate that, based on this breakthrough, there will be 34 million electric vehicles on our roads within twenty years' time. And electric vehicles could represent close to 40% of U.S. vehicle production in the year 2000.

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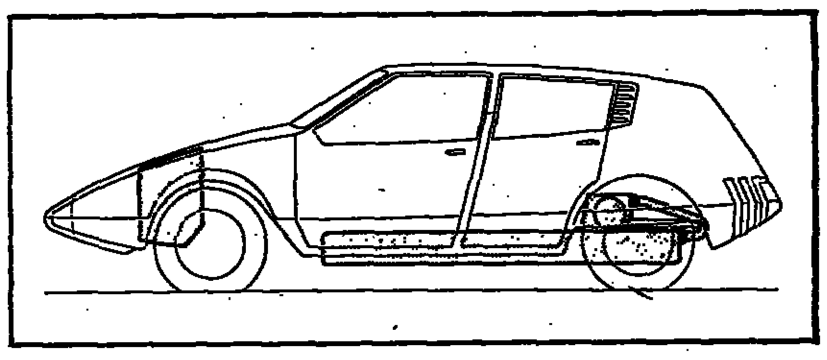
And there will be no air or noise pollution. Imagine what a difference this will *make to our cities.*

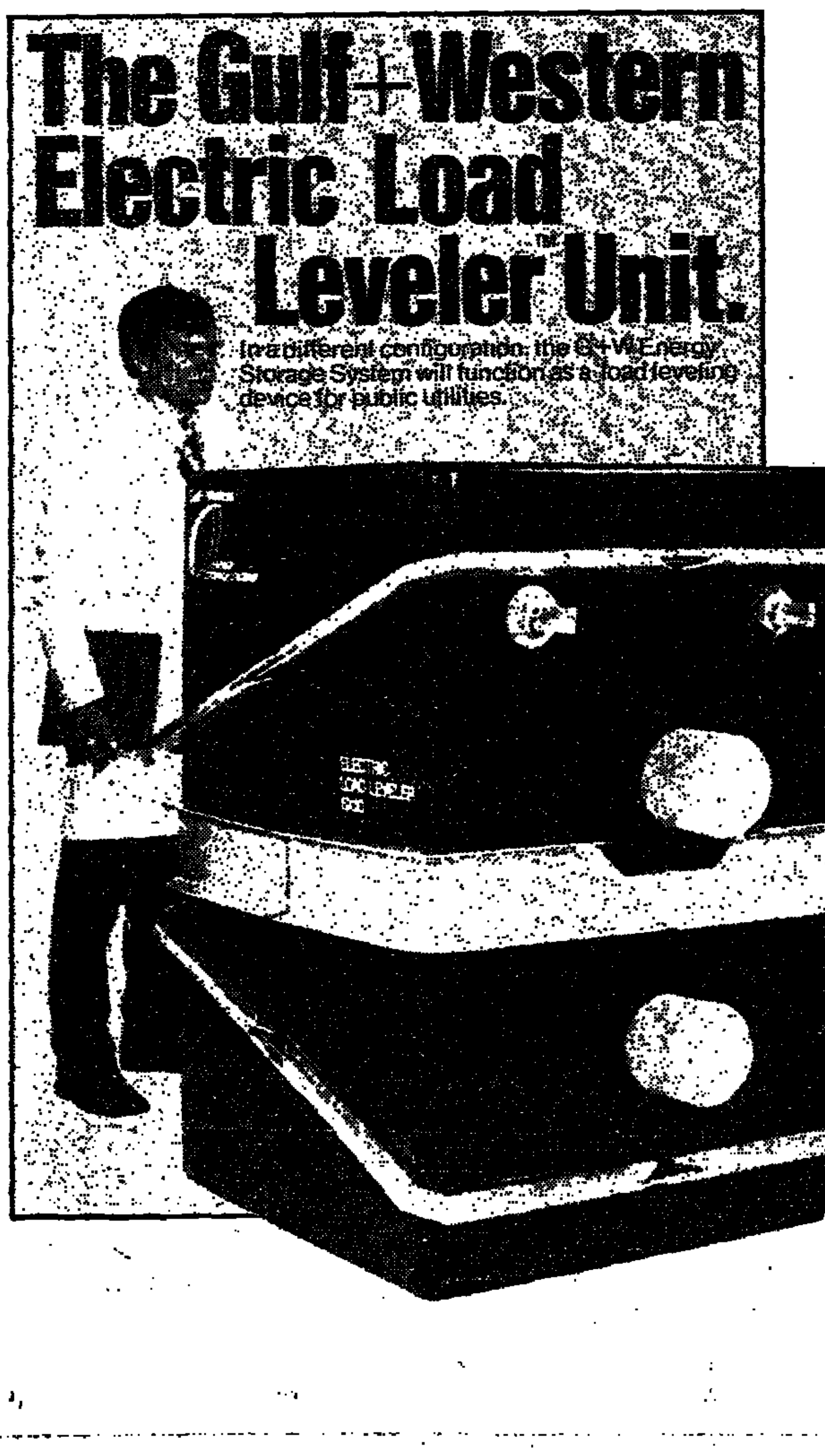
THE G+W 2X30 ELECTRIC:



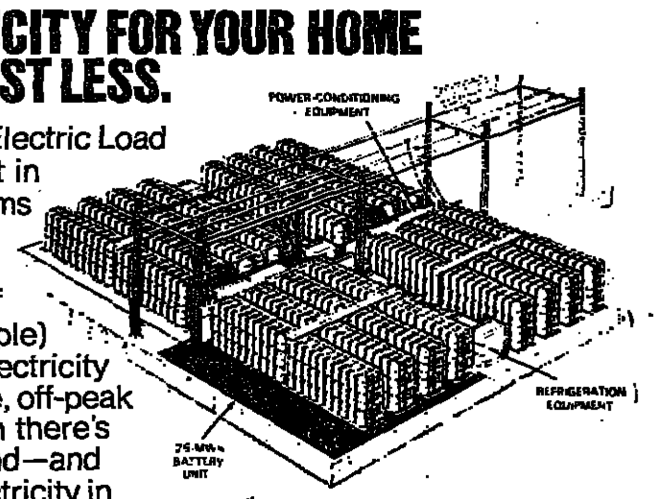
OVER 200 MILES AT 55 MPH ON A SINGLE CHARGE.

All performance tests to date were achieved in a vehicle designed to house an internal combustion engine to which we had to adapt our system, *preventing maximum* utilization of the Gulf+Western Electric Engine unit.

According to our best research, an optimum vehicle designed to maximize the potential of our engine will increase performance by approximately 30%. The G+W 2X30 Electric 4-passenger automobile, when completed, will be used as an experimental vehicle for efficiency test purposes.



ELECTRICITY FOR YOUR HOME WILL COST LESS.



The G+W Electric Load Leveler unit in storage farms containing 2,000 units *(for a city of 60,000 people)* will store electricity in nighttime, off-peak hours, when there's little demand—and deliver electricity in peak hours, when there's high demand. This will eliminate the need for costly turbines and other less energy-efficient means now being used to generate that electricity at peak times. And the system is so environmentally safe that it can be located in residential areas.

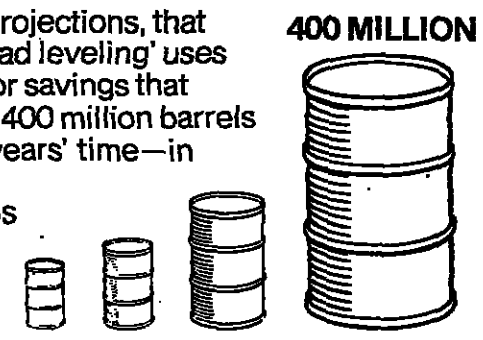
THE FIRST PILOT PRODUCTION PLANT IS ALREADY IN OPERATION IN GREENSBORO, N.C.

This pilot plant will help us master the techniques necessary to efficiently mass produce our systems. G+W Energy Storage Systems *are not yet commercially available*, but we anticipate the operation of a full-scale facility by 1983-1984 when *limited commercial production* will begin.

WE NOW HAVE THE POTENTIAL FOR SAVING MILLIONS OF BARRELS OF OIL.

We can say, based on our projections, that *the electric vehicle and 'load leveling' uses* combined could account for savings that will grow to approximately 400 million barrels of oil a year within twenty years' time—in our country alone.

Worldwide, these savings would be significantly *larger and would greatly* contribute to reducing the depletion of the world's natural oil resources.



A FIRST MAJOR STEP TOWARD OUR INDEPENDENCE FROM FOREIGN FUEL!

The G+W Energy Storage System is the product of eight years of intensive research and development and millions of dollars in investment.

It was achieved with the assistance of the Department of Energy and the Electric Power Research Institute.

But most importantly, it was achieved in America, by an American corporation.

Gulf+Western believes in America's ingenuity and imagination... and in our ability to develop alternate sources of energy to foreign fuel.

We are proud to make this contribution.

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Government wants joint action over New Hebrides

By Ivor Owen

FRENCH PROTESTS against the despatch of a contingent of Royal Marines to the New Hebrides brought a low-key response from both the Prime Minister and Lord Carrington, the Foreign Secretary, at Westminster yesterday.

Both emphasised Britain's continuing readiness to act in co-operation with France in dealing with the rebels of Espiritu Santo, although Lord Carrington admitted in the Lords that he had been "puzzled by recent events."

In the Commons, Mrs. Thatcher confirmed that she spoke to the French President about the New Hebrides situation during the Venice summit, stressing that Britain continued to wish to act jointly with France.

She equated the despatch of the Royal Marines to the action of the French in sending armed gendarmes to New Caledonia—pointing out that Britain had no armed police.

When asked if the French had the right to veto the use of British forces, Lord Carrington stated: "I cannot see any circumstances in the need to protect law and order in which the French would not agree to the use of our troops."

Mr. Peter Blaker, Foreign Office Minister of State, told the Commons that he was seeking an early meeting with his French opposite number, M. Paul Dijoud, to clarify the joint approach of the British and French Governments to the problems of the New Hebrides.

He reacted angrily to taunts by Labour MPs, and repudiated a charge by Mrs. Gwynethe Dunwoody, an opposition front bench spokesman, that it was "painfully obvious" that the British Government had been led by the nose by the French Government.

The Minister was particularly incensed when she called for a fuller account of the conversation between the Prime Minister and the French President.

Mrs. Dunwoody complained: "We know what Mrs. Thatcher said, but it would be helpful to know if President Giscard got a word in edgeways."

Amid laughter from both sides of the House, Mr. Blaker replied: "It would not be proper for me to say what the French President said to the Prime Minister."

The Minister accused Labour MPs of acting irresponsibly and trying to inflame relations between Britain and France even though they knew that it was in the interests of the people of the New Hebrides that there should be close co-operation between the British and French Governments.

He hoped that his meeting with M. Dijoud could be arranged as speedily as possible so that Anglo-French policy could be re-established on similar lines.

After reaffirming that July 30 remains the target date for Independence for the New Hebrides, the Minister added: "It would not be a responsible action to allow the territory to go into Independence in a state of insurrection."

EEC 'creating powderkeg' in M. East says Callaghan

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday accused Mrs. Margaret Thatcher and other EEC leaders of "creating another powderkeg" in the Middle East.

The Venice summit's decision to associate the Palestine Liberation Organisation with peace negotiations and to call for Palestinian self-determination had been a serious and mistaken change of policy, he said.

"If that is the kind of initiative European statesmen are committing themselves to, it would be better if they had kept quiet. Mr. Callaghan declared in a series of Commons clashes with the Prime Minister.

"All they have done is to encourage Mr. Begin in his unwise and illegal policies on the settlements: to give a boost to the PLO which has said it will destroy Israel; and to embarrass the United States in its efforts."

Mr. Callaghan asked whether the EEC declaration meant the creation of a new independent state on the borders of Syria, Israel and Jordan.

Such a state could, under the right of self-determination, be fully armed, he warned.

If that were EEC and British policy, it would create another powderkeg in the Middle East.

Mr. Callaghan said he recognised that the Palestinian people had rights, but the EEC had fallen for PLO propaganda.

The Middle East protagonists wer always trying to line up allies — and the PLO had won a propaganda victory by lining up the EEC, whose concern about oil made their motvies suspect.

"It wauld have been far better if Europe had said it supported the discussions to take place between Jordan and the U.S.," Mr. Callaghan suggested.

Mrs. Thatcher, in her Commons statement, said that the EEC's declaration restated the two principles which had been the basis of the European position for many years:

- The right of all the states in the region, including Israel, to existence and security.
- Justice for all the peoples, which implies the recogntion of the legitimate rights of the Palestinian people.

"A comprehensive settlement requires that all the parties concerned should be bound by these principles," she said.

Mrs. Thatcher added that the EEC had decided to make contact with all the parties to ascertain their position on these principles and then to determine what from from the EEC initiative might take.

"The diplomatic activity which the Nine will undertake over the next few months is intended to be complementary to the Camp David process on which the U.S., Egypt and Israel are still engaged," she declared.

Mrs. Thatcher reminded Mr. Callaghan that he had signed a European Council statement in 1977 which recognised the right bf the Palestinian people to a homeland.

The EEC leaders recognised there would be no quick solution to that point, she said.

"But you and all other heads of Government have for a very long time accepted that if one people expects to exist behind secure boundaries, they cannot deny that right to another people.

"What you ask for yourself, you must be prepared to accord to others—that is exactly what we are saying," she continued.

The EEC leaders had made it perfectly clear they believed in the future of the Camp David initiative as supplementary to it.

process and regarded their

Mr. Callaghan retorted that the European Council had gone further than it had before.

"If you are giving support to the creation of an independent state in this part of the world, then you have gone along with a process that President Giscard initiated and you should not have done so.

"President Giscard does not support Camp David and never has done," he said.

Mrs. Thatcher replied angrily that Mr. Callaghan was "trying to put words into my mouth."

The European Council was not trying to undermine the Camp David agreement, but merely seeking a peaceful settlement.

Mr. Julian Amery (C., Brighton Pavilion) suggested that it should be for Jordan to decide whether the PLO should be a negotiator in a Middle East settlement.

Mrs. Thatcher replied that the EEC had not recognised the PLO as sole representative of the Palestinian people.

"We have not done that and could not do it," she said. "But there cannot be a comprehensive settlement in this area unless the PLO is associated with it."

If the negotiations were to achieve anything, she said in reply to further questions, Israel would have to accept the legitimate rights of the Palestinian people, including the PLO, just as the PLO would have to accept Israel's right to exist behind secure boundaries.

'No new moves on jobless'—PM

THE GOVERNMENT would not be introducing new measures to alleviate unemployment, Mrs. Margaret Thatcher, made clear in the Commons yesterday.

The Prime Minister was challenged by Mr. James Callaghan about the Government's intentions after the EEC summit statement calling for "short term measures in the context of an active employment policy."

Mr. Thatcher retorted that policies like the youth employment programme had already been introduced to ease the problem.

"We are not prepared to print money to do it," she asserted.

Mrs. Thatcher told MPs that EEC leaders had agreed that the major short term objective must be to contain inflation by means of appropriate monetary and fiscal policies.

"We were concerned that the 100 per cent increase in the price of oil over the last year would lead to a recession in world trade," she added.

"We were therefore risturbed at the pressure for further oil price increases at the recent Algiers meeting of OPEC.

"Such an increase can only make worse the economic problems of the industrialised intolerable burdens for the countries and give rise to developing countries."

Mrs. Thatcher said the European Community remained willing to discuss the situation with the oil producers.

Mr. Callaghan returned to attack her statement as "thin and inadequate."

Gilmour attacked over attitude to Brandt Commission report

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

SIR IAN GILMOUR, Deputy Foreign Secretary, came in for strong criticism in the Commons yesterday when he outlined the Government's attitude to the Brandt Commission report which recommended a large and concerted increase in aid to the developing countries.

In particular, Mr. Edward Heath, the former Tory Prime Minister, who was a member of the Commission, made it clear that he found Sir Ian's speech quite inadequate to meet the scale of the problem.

The Opposition also strongly attacked Sir Ian's response. There were cries of "disgraceful, shameful" from the Labour benches when the Minister sat down at the end of a speech, in which he failed to give any specific Government commitment to the recommendations of the Commission.

Mr. Peter Shore, Labour's Shadow Foreign Secretary, described it as "an astonishingly lack-lustre" performance.

"I cannot find a great deal of evidence of political will or imagination in the speech we have heard," he declared.

Opening a debate on the Commission's report, Sir Ian took a cautious attitude towards its main recommendation that world leaders should hold a summit to launch an emergency aid programme.

"This might be useful but we should need a great deal of preparation and it would have to be carefully timed," he maintained.

Dealing with the recycling of surplus oil funds to those in deficit, he stressed that the major role must be borne by the private banks.

There were cries of protest from Labour MPs when he said that Britain's aid programme in present economic circumstances was a substantial one amounting to 0.52 per cent of GNP in 1979. The Government, he said, remained committed to the UN target of 0.7 per cent of GNP to go for aid purposes "but we cannot give a firm date by which this is to be achieved."

He agreed that the prospect for many developing countries was deeply disturbing and since the report was published the latest increases in oil prices had made many of the Commission's forecasts seem optimistic.

The report called for change to be brought about mainly by Government action. But Sir Ian thought that this exaggerated the capacity of governments to control the world economy.

"It is desirable to continue the evolution of the present system in response to the changes facing us rather than make wholesale changes to the rules governing the development of trade," he said.

Wholesale Government action might harm rather than help the economies of the developing countries.

But Mr. Heath told the House: "What I want to hear is not that the British Government is to play its part in whatever may or may not be done, but that the Government is going to give a lead in implementing the proposals of the report."

Political will and public support was necessary and the Government should address itself to this.

He pointed out that the Minister had suggested that the Government could not be expected to deal with these matters. But he disagreed. The situation could only be dealt with by governments because it was they who controlled the international institutions.

As a "private enterprise man" he agreed that the private sector had a part to play, particularly the multi-nationals.

But he added: "To say that private enterprise must get on with it is quite inadequate to deal with the situation which now exists."

Sir Ian Gilmour: no wholesale changes

Carrington steps-up anti-Games pressure

By Chris Sherwell

GOVERNMENT pressure to persuade British athletes not to go to this year's Olympic Games will be stepped up today when Lord Carrington, the Foreign Secretary, meets the heads of those sports bodies still intending to send teams to Moscow.

Lord Carrington's intervention in the controversy represents a significant intensification in the Government's five-month old anti-Olympic campaign.

Apart from Mrs. Thatcher's own pronouncements, responsibility has up to now fallen on Mr. Douglas Hurd, Minister of State, while Lord Carrington has spent his time on issues until now regarded as more important—Rhodesia, the EEC budget, and the Middle East.

The move also confirms that Government efforts to persuade athletes not to go to the Games did not end with the passing of last month's deadline for national Olympic committees to accept their invitations to Moscow.

With the Games due to start in less than five weeks, pressure on the British Olympic Committee and its head, Sir Denis Follows, is clearly being redirected a tier lower. Officials do not rule out the possibility that the athletes will soon come under direct pressure.

With a few notable exceptions — such as equestrianism, yachting and hockey — most athletes and their administrative bodies have responded to Government appeals not to attend the Olympics by refusing to be singled out and suggesting that the Government itself takes more action in protest against the Soviet invasion of Afghanistan.

Heath predicts 'intense danger' for West

MR. EDWARD HEATH, the former Prime Minister, predicted last night that the 1980s would be a period of "considerable international instability and of intense danger for the Western world."

He said European members of NATO would have to assume their share of the burden of upholding international security.

"It will no longer do for Europe to behave as if the only contribution which it has to make to global security outside NATO is to voice its concern to the U.S.," he said in an international Institute for Strategic Studies lecture in London.

The U.S. was now more nationalistic in her polices and "very much less willing to underwrite the stability of the international system in the common interest with all the sacrifices which that entails."

Europe could play a greater international role in diplomatic and economic spheres and "make a substantial contribution without deploying large numbers of troops outside the NATO area by the provision of military equipment and training to countries threatened by external aggression.

"She can dot it by strengthening the defence of the European theatre itself and she can do it in some cases by providing logistical support for American military devployments outside Europe," said Mr. Heath.

If the North Atlantic allies failed to rise to the challenge of restoring greater unity among themselves, "the result will be to push the U.S. towards isolation and the Europeans towards accommodation with the Soviet Union."

Mr. Heath said: "The 1980s are going to be a period of considerable international instability and of intense danger for the Western world.

"On the part of the Soviet Union, we have witnessed a relentless accumulation of military power in every single category of weapon.

"This has enabled her to take advantage of the increasing numbers of pockets of discontent and rivalry throughout the developing world so as to tilt the geopolitical balance in various regions in her own favour."

Mr. Heath warned that the belief that East-West relations could be reliably affected by gestures of goodwill gave the Kremlin "the opportunity of attempting to influence Western behaviour by largely cosmetic ploys such as the withdrawal of a few thousand troops from East Germany."

Silkin decision highlights split

BY RICHARD EVANS, LOBBY EDITOR

THE DECISION by Mr. Sam Silkin, former Labour Attorney General, not to seek re-election as MP for Dulwich at the next election has highlighted the pressures that many moderate Labour MPs could face.

Mr. Silkin, MP for the constituency since 1964, gave as his reason for retiring his age at the next election—he is now 62—and his desire to devote more time to his family.

But it is freely admitted in his local party and among his colleagues at Westminster that there have been deep political divisions within the party and Mr. Silkin could have faced growing pressures to stand down. These divisions are believed to be the real reason for his planned departure.

His decision to withdraw well before the likely date of the next election coincides with the success of the Left-wing campaign to have mandatory reselection of Labour MPs once in each Parliament.

This was accepted in principle at the weekeend by the Labour Party's Commission of Inquiry, although it is still opposed by Mr. Callaghan and party moderates, who believe it would simply increase the power of party activists to unseat MPs whose views they criticised.

The proposal will now be argued over in the Shadow Cabinet, the National Executive Committee, local Labour Parties and in the trade unions before a decision is taken at the October Party Conference.

If the proposal is accepted, it is regarded as certain that many moderates now in Parliament would not be re-selected.

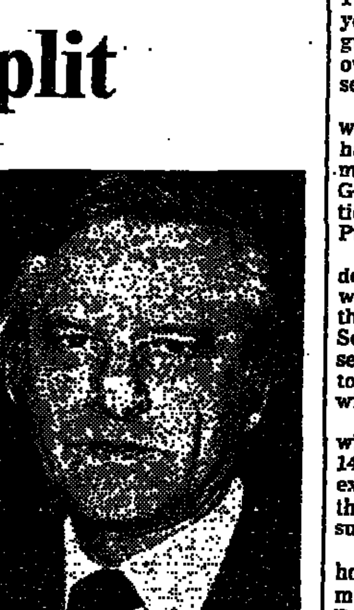
The difficulties experienced by Mr. Silkin at Dulwich, a marginal seat which he won by 122 votes after a recount at the last election, are similar to those of a score or more Labour MPs.

An upsurge in the power and influence of Left-wing activists in the constituencies has left sitting MPs vulnerable to attack by a local caucus.

Mr. Silkin's local party chairman, Mr. James Wheller, said he thought it was the swing to the left at Dulwich that had prompted Mr. Silkin's decision. He said the main activists in the local party were Left-wing and against the old party faithfuls.

It is local issues that have recently dominated the local party and there have been complaints that Mr. Silkin did not take enough trouble in dealing with them.

Mr. Silkin's career as Attorney General was marked by several controversies, including an attempt to prevent publication of sections of the Crossman Diaries.



Sam Silkin... growing pressures

Legal and General staff to take disruptive action

BY NICK GARNETT, LABOUR STAFF

THE LEGAL and General, one of the country's leading insurance companies, faces considerable disruption from today following a decision yesterday by union delegates to begin industrial action over pay.

The Association of Scientific, Technical and Managerial Staffs, which claims just under 3,000 members out of the company's 4,000 staff, agreed a set of guidelines on industrial action to begin throughout the company starting today and tomorrow.

The guidelines include a ban on the use of telephones to conduct business which could be handled through the post, together with rigid adherence to contract and a general policy of non-cooperation.

Mr. Peter Kennedy, ASTMS national officer, said the industrial action would be flexible among Legal and General's 64 offices. Banning the use of the telephone did not contradict work contracts for clerical staff, he said.

The company has offered 16.2 per cent from July 1, the traditional settlement date in a nine-month deal to be re-negotiated next April. The offer, which also involves improvements in fringe benefits, follows a 5 per cent payment in January.

The company says that when all these factors are taken into account the deal is worth more than the new percentage offer. The union, however, is seeking immediate rises for its members in line with the rise in the retail price index.

Mr. Kennedy said the union was simply attempting to reach an agreement similar to those struck at other insurance companies which the union says have been averaging 20 to 25 per cent. It did not want to be forced into coming back for more if other insurance companies negotiated bigger deals in the next six months.

The Banking Insurance and Finance Union has agreed a pay deal with the Phoenix Assurance group which gives rises of 18.5 per cent from June, the annual settlement date, with a further 4 per cent from January.

The settlement, to run for 12 months, also includes improved fringe benefits, involving changes to its house purchase scheme and to London weighting payments.

Vosper shipyard peace talks fail

BY NICK GARNETT, LABOUR STAFF

DISCUSSIONS AT the weekend between Vosper Thornycroft and local trade union officials failed to solve the dispute at the company's Southampton yard, where more than 2,000 workers are on strike.

Management officials at Vosper Thornycroft, a member of British Shipbuilders, met representatives of British Shipbuilders' management in Newcastle yesterday to discuss the dispute, the root of which is a national agreement between the corporation and the Confederation of Shipbuilding and Engineering Unions.

A further 130 men employed on hull work walked out yesterday at the yard, which is building three destroyers and three mine counter-measure vessels.

About 130 plumbers stopped work at the beginning of last week because 20 plumbers transferred from Vickers at Barrow-in-Furness, another British Shipbuilders subsidiary, were put on a higher basic rate. A further 1,900 of the 2,800 Southampton hourly-paid workers then struck in sympathy.

The plumbers from Vickers were moved to Southampton under a national agreement signed by British Shipbuilders and the CSEU. This was principally designed to cope with temporary labour shortages at specific yards. Vosper Thornycroft has had a shortage of plumbers, who have been in surplus at Barrow.

Vosper says it has stuck rigidly to the national agreement, which has been used in a considerable number of worker transfers in British Shipbuilders.

The national arrangement provides transferred workers with at least minimum basic pay rate for their grade, plus £10 a week, a deal to run for 12 weeks.

This has resulted in the 20 transferred plumbers earning a basic rate above £100, some £7 more than the plumbers already working for Vosper Tornycroft.

Local officials of unions in the CSEU have discussed the strike with snop stewards at the Southampton yard.

Warning on jobs schemes

By Philip Bassett, Labour Staff

THE Government's special employment measures, introduced to alleviate the effects of high unemployment, are likely to become less effective because of the country's deteriorating economic position, the Manpower Services Commission warned yesterday.

The commission has already endorsed economic forecasts that unemployment is likely to exceed 2m by the end of next year.

Sir Richard O'Brien, MSC chairman, told the Public Accounts Committee that 70 per cent of those who had taken part in the Youth Opportunities Programme, introduced in 1978 to give unemployed young people work experience, went on to secure permanent jobs. A further 10 per cent undertook some form of training.

Under the Special Temporary Employment Programme, which was introduced at the same time to offer temporary work, mainly to the longer-term adult unemployed, only four in 10 who took part later secured permanent work.

MPs said that while the latter figure might be a reasonable achievement given the difficulty in placing the longer-term unemployed in work, the former figure was comparatively much less successful.

Sir Richard said the failure of 20 per cent of those taking part in the youth scheme to secure jobs was "not a bad result." But he warned: "I think these figures are going to be difficult to hold at this level in current labour market conditions."

He said there were signs of increasing difficulty for young people to find work. He hoped it would be possible to produce figures at a similar level for this year, but the Commission might not be able to.

Sir Richard was questioned about a recent report by Sir Douglas Henley, Comptroller and Auditor General, on the commission's accounts, which said the MSC auditors had visited 136 of the commission's employment projects and made serious criticisms of 30, "of which 10 were in financial difficulty and 20 in a financial muddle."

The Comptroller's report also said that the auditors had expressed doubts about the effectiveness of MSC area offices' financial monitoring. Levels of monitoring by four of the 28 area offices "were considered inadequate, and two others had done no financial monitoring in the period examined by the internal auditors."

The MSC told the Comptroller that some of the difficulties stemmed from having to use inexperienced staff in quickly-launched programmes.

NGA launches campaign against Employment Bill

THE NATIONAL Graphical Association, Britain's biggest print craftsmen's union, yesterday launched an attack on the Government's Employment Bill which it described as "a major assault on hard-fought-for trade union organisation rights."

In a special paper circulated to its 108,000 members, the union said the assault closely resembled the attack staged by the 1971-74 Conservative Government through its discredited Industrial Relations Act.

"These policies must be opposed at all costs, for if the Government achieves its objects, there will be little effective protection for trade unionists," the union said.

The union said it was launching its campagin against the Bill to ensure its members were aware of the potential threat posed by the Bill.

"We are calling on the Government to drop its legislative plans and seek co-operation with the trade union movement.

"To progress any further with this Bill will undoubtedly sour the climate of industrial relations as previous attempts at such legislation have shown," the paper warned.

Local government chiefs accept 18% pay rise

BY OUR LABOUR STAFF

EMPLOYERS AND union negotiators for 454 chief executives in local government have concluded agreement on a total 18 per cent pay rise outstanding from their pay settlement date last July.

The agreement includes the results of an abritration award which gave a 9.4 per cent increase backdated to last July.

Final agreement has been held up by disagreement on distribution of the omney which employers were concerned to see based on differentiation between local authorities depending on population size.

Local government employers will today discuss an offer to its white collar staff who have submitted a 20 per cent claim.

Aims award

THE National Free Enterprise Award for 1980, presented by Aims, the Free Enterprise Organisation, will be presented to Sir Hector Laing, Chairman of United Biscuits (Holdings), on Free Enterprise Day (July 1) at the International Press Centre, London.

Nursing unions urge unity

BY PAULINE CLARK, LABOUR STAFF

TWO BIG nurses' unions yesterday urged a united programme of industrial action over the 14 per cent health service cash limits.

The call for disruptive action, which would avoid directly harming care of patients, was made by the National and Local Government Officers' Association and the National Union of Public Employees.

It came on the eve of a major debate on nurses' pay at this week's Blackpool conference of the Confederation of Health Service Employees, which represents about 130,000 of Britain's total 490,000 nurses and midwives.

The confederation's executive will recommend rejection of a 14 per cent pay offer and is expected to press for a ballot on the issue to test grass roots support for industrial action.

Any programme of action however, would not include members of the 130,000-strong Royal College of Nursing, which has decided against recommending action in spite of anger over an 18.7 per cent inflation award to doctors and dentists.

Mr. Roger Poole, assistant national officer for the Health Service in NUPE representing 80,000 nurses, said there was little more to be gained from further negotiations on nurses pay.

The union was advising its nurses in branch consultations "to take a wide-ranging look at the way they can take action without harming patient care."

"We aim to get all the nurses unions together to mount a joint campaign which will place sufficient pressure on the Government and employers to come up with a fair deal for nurses and break the 14 per cent deadlock," said Mr. Poole.

The Royal College of Nursing was attacked by the union for "accepting a management offer in the middle of current pay negotiations and while local committees in hospitals were still discussing forms of action."

Mr. Steve Johnson, national officer for the health service in NALGO, yesterday invited COHSE nurses to join with his nurses' in a programme of industrial action.

Negotiators for the union's 30,000 nurses were mandated at the NALGO annual conference last week to draw plans for industrial action over pay.

Dr. Gerard Vaughan, Health Minister, yesterday agreed to meet union representatives of 37,000 supplementary medical staff early next month over a pay claim which management estimates is worth 59 per cent.

The group, which includes radiographers, physiotherapists, occupational therapists and other professional workers in the National Health Service, has joined the nurses in attacking Government attempts to impose a 14 per cent cash limit on health service pay.

Union leaders have been told by management that employers will reconsider a recent 14 per cent offer but they hold out little hope of any substantial improvement without direct Government intervention.

The group, which has already taken industrial action this year in a dispute over a Clegg comparability award, has submitted a 31 point pay claim.

- An ambulancemen's leader, Mr. Terry Mallinson, yesterday warned that the public may have to suffer another "winter of discontent" unless his members win better pay and conditions.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Watches the watts

WITH power costs soaring and even more stringent monetary penalties for exceeding forecast peak demand in the offing, users of large amounts of electricity now have an imperative need to keep consumption under tight control.

With this in mind, Ferranti Instrumentation has brought out a state-of-the-art energy control unit which can be specified in several capacities from a demand controller to a unit capable of coping with 96 different power consuming devices/processes fed from several sources and subjected to different priorities, that is, the equipment will turn them on or off in a selected sequence according to pre-set maximum consumption allowed in a given time period.

Depending on the type of application, the equipment which starts at £2,250 and goes up to over £5,000, can be written off in two years down to less than one year. It is capable of controlling other fuel-consuming equipment where needed.

Because many industrialists still believe their plants cannot shed load, or do that easily, Ferranti would not install a controller before having made an extensive site investigation. As the company points out, however, in very many cases, a great deal of the power load can be reduced with relatively simple changes to the feeds in a building. Lighting, for instance, is so very frequently at a much higher intensity than needed by the occupants during a large part of the evening, particularly in city centres.

Interesting in the construction of the new controllers is the provision of a battery which will keep the memory/ies in the equipment going for at least 60 days. This allows for pre-programming at the factory and survival from the longest power failures.

An on-board computer continuously calculates the load a consumer is entitled to take within a specified target figure. Thus, it is carrying out a continuous forecasting task which can either be translated into alarms or into direct load-shedding action, according to the mark of equipment installed.

Ferranti has called it Cedrec for computerised electricity demand realtime energy control. The company operates from Moston, Manchester M10 0BE. 061 681 2071.

● MATERIALS

Keeping it clean

EDINBURGH BIOCHEMIST Jeremy Frew has spent four and a half years on research, resulting in the announcement of an invisible protective barrier for an assortment of surfaces, such as glass, paints, vinyls, metals and ceramics.

This promises to prevent dirt, or dirty rainwater, from adhering to or depositing on surfaces to which the product, called Forcefield, has been applied.

The barrier has anti-stick properties (even adhesives have extreme difficulty in attaching themselves) and actively repels contaminants. Dirty raindrops, for instance, are said to roll off a Forcefield-coated surface like miniature glass marbles carrying their dirt content with them.

Subsequently, airborne dirt settling on a horizontal surface can be easily removed by further rainfall or by hosing down with plain water, thus obviating the cost of detergents, solvents and labour, says manufacturing outlet, J & L Developments, 30 Montgomery Street, Edinburgh (031 556 4203).

Water repellant properties inhibit rust and abolish the necessity for repetitive waxing of vehicles.

Product is non-acidic, non-caustic, has a high flashpoint and very low order of toxicity and irritation. It does not damage any surface to which it is applied, is totally insoluble in water, is not an emulsion and contains no wax.

Applications for worldwide patents are being processed.

● COMMUNICATIONS

Supervision is made easier

TESSELATOR IS the latest aid developed by ASEA for man-machine communications, primarily in connection with ASEA's Sindac computer-based systems for supervision and control.

Together with an extremely low keyboard and a tracker ball for cursor control, Tesselator helps to ease the work of control room operators.

It greatly improves the readability of displays on video display units (VDUs). Its patented character generator makes it possible to mix arbitrarily both large and small characters. Important information can be presented as large, easily read text, while other information, for example data which remain unchanged is presented as smaller text. Paradoxically enough, it is possible to combine in this way good legibility with large amounts of information.

Up to 896 different symbols can be stored in the VDU memory. They may be optional shape and size and in this way can be designed according to valid standards for electrical symbols, quantities, chemical formulae, etc. The unique character generator is even capable of correctly forming the Arabic and Russian alphabets as well as Chinese characters.

The ergonomic advantages of Tesselator are that it is possible to design the displays in an optimum way. Display build-up is simple and is done direct on the keyboard. The system itself checks the logic connection points of the symbols. The user need only select the characters, sizes and direction of writing. With four optional directions, it can cope with all writing modes: from left to right, from right to left and columnwise.

Another advantage is short response time. The reason for this is that each symbol, irrespective of its size, needs only one character code. This reduces the amount of data to be transmitted and consequently also the response time. A completely new display is transmitted in 0.1 second.

ASEA, Fanum House, 48, Leicester Square, London WC2H 7LZ. 01-930 5411.

Watches the water level

A NORWEGIAN manufacturer is offering a water level measuring/management system called LEHMSOR MK II, which consists of one or more remote monitoring stations, connected to a control station in a network.

The remote stations can transfer data locally to a display unit or tape recorder, or transmit data via an optional answering machine to a telephone line.

It is stated that in addition to water level measurements, LEHMSOR can perform local process control, valve or gate control, valve position indication and record and transmit messages concerning measurements.

Each station contains a custom-designed microprocessor and the design facilitates quick connection to a minicomputer or a large main-frame system.

Full details can be obtained from Lehmkuhl Elektronikk A/S, P.O. Box 188, Skøyen, Oslo 2.

● COMPONENTS

Resists corrosion

THE PROCESS industries requirements for fluid-handling equipment call for high corrosion resistance against a broad range of industrial chemicals at temperatures up to 300 degrees F.

These requirements are claimed to be met by the Nil-Cor 500 TM ball valve which is formed from graphite fibre reinforced polyphenylene sulphide and is manufactured in the U.S. by Babcock and Wilcox.

The valve has a blow-out-proof stem and is highly resistant to corrosion in such environments as sulphuric acid, ferric chloride, hydrochloric and hydrofluoric acids. Stem ball, bonnet and body are of the graphite, fibre - composite material. More details can be obtained from Diamond Power Specialty, Buckingham House, 6/7 Buckingham Street, London WC2N 6BU (01-930 8724).

● PROCESSING

Treating larger components

TORVAC is to install a new bottom-loading vacuum furnace at its plant at Skelmersdale, Lancs., which will offer the company's sub-contract customers facilities for the vacuum brazing and heat treatment of much larger components than hitherto.

The new furnace, the Model VR60 from the Abar Corporation of Feasterville, Pennsylvania, U.S., has an unusually large useful hot-zone size measuring 5 ft diameter x 5 ft high, and will initially be used for the processing of large areo engine components.

VR60 incorporates broad-band molybdenum elements with a large radiating surface to ensure temperature uniformity. Another important point is the provision of tangential radial cooling from gas jets located all around the hot zone, giving even cooling and thereby reducing distortion in the heat-treated components.

Installation of the new furnace is due in late 1980, and is the latest stage in a major expansion programme of the Skelmersdale plant which has included other furnaces, new electron-beam-welding capacity, new offices and storage facilities, and the hire of extra staff.

Torvac (Midland) on 0203 367786.

● SERVICES

Aid for an integrated approach

PRIME EQUIPMENT supplied to Peter Merrick Associates will form the basis of a new style timesharing service.

At the same time, the latter is to supply Prime information systems from PRCI as part of a service to users who require their own in-house computer or who subsequently growing to require one. Extensive support is planned to help users to move easily from being time-sharing-only users to having their own in-house system.

The agreement between Peter Merrick Associates and PRCI is one of the first to be concluded following PRCI's exclusive dealership agreement with Prime under which it markets the Prime information system range in the UK.

PCR is at St. George's House, 9 Church Street, Twickenham, Midllesex, UK. 01-891 4021.

Battery could go far

IN THE eight years or so since it was first mooted as a possibility the zinc-chlorine battery couple has emerged as a very strong contender. A recent announcement by its main U.S. protagonists — Gulf Western Industries—would put it well ahead of sodium-sulphur and other possible couples for the high power density crown.

G and W makes several claims, the most impressive of which is that a zinc-chlorine cell has been tested through its charge-discharge cycle over the equivalent of 200,000 miles, whereas most lead-acid battery systems would collapse and require replacement after 30,000 miles or so.

Installed in a Volkswagen Golf, the battery and its associated drive has been demonstrated to provide 150 miles at a constant 55 mph on one charge. The battery/drive weighs 1200 lb or about a third of the equivalent lead-acid system.

In view of the foregoing, the company believes that a purpose-designed vehicle would cover at least 200 miles at 55 mph and considerably more as the average speed is decreased.

Gulf-Western has opened a pilot plant at Greensboro, North Carolina, to make the zinc-chlorine units. Five test vehicles equipped with these will start service with GTE for evaluation at the end of this year.

Limited commercial production should begin in 1983-84 and the company anticipates that by 1985, manufacture of passenger vehicles by U.S. groups could be running at 120,000, rising to over 6m by the end of the century.

● HANDLING

Transports the bricks

DESIGNED SPECIALLY for transportation of bricks is a semi-trailer developed by Primrose Third Axle Company, Ewood, Blackburn, Lancashire (0254 56031).

It has two 115 ft long body sections separated by a gap of 3 ft for the crane installation. Each body section is fitted with two 2½ ft high dropsides per side, these being of angle-sections framing a panel of welded steel mesh.

On the nearside, slung beneath the trailer chassis, is a Lister diesel donkey engine and hydraulic pump for powering the hydraulic crane. The trailer is thus self-contained so that it may be coupled to any other tractor when necessary.

A full load normally comprises 20 banded packs of bricks — loaded by fork lift truck or, in emergency, by the crane itself. Trailer and its equipment weight 6.58 tons.

First example (a 33 ft tandem axle) has been supplied by Caffyns, Brighton, to C. Gander at East Preston, near Littlehampton, Sussex where it works with a Leyland Marathon 32-ton tractor; it operates under contract to Ibstock Brick Hudsons, a subsidiary of Ibstock Brick Leicester.

● IN THE OFFICE

Invoice typing speeded

WHAT AMOUNTS to a small word processor specifically programmed to meet the invoicing needs of a company where perhaps 50 to 100 invoices are needed daily at the point of sale or distribution, has been introduced by Adler Business Computers.

Known as the TA Invoicer it is a new stand alone electronic typewriter with an additional numerical keypad that will automatically undertake all the repetitive typing of items such as product descriptions, prices, discount and VAT, thereby reducing invoice preparation time by up to a half and tending to reduce errors at the same time.

An interesting approach to the programming is that the customer provides the information required by filling in a business survey questionaire not only intended to convince him of the effectiveness of the idea, but to allow ABC to tailor the software to his needs.

Costing £3,100 with one tailor-made program, the machine is aimed at companies employing up to 100 people in distribution, wholesale, travel or wherever an invoice is needed when a sale is made.

Adler Business Systems is at 140 Borough High Street, London, SE1 (01-407 3191).

● DATA PROCESSING

Aids handling of text

SWEDISH manufacturer Tele-Ekonomi, specialising in text input and handling, as well as word processing systems, has just delivered its first Grapro KTL 2002 DF double-density floppy disc text and information handling systems.

The systems are being installed in commercial printing firms as new input units and—in one instance—to replace upgrade existing input systems.

The double-density disc system allows more direct access to more information than earlier units and represents the latest development in the Tele-Ekonomi Grapo range (a sub-system of compact composition is also available for editorial inputting of texts to local newspaper centres from branch offices, or for copy transmission from advertising agencies).

Special to the Grapo unit, which allows access to up to 500,000 bytes, is backup which ensures that material corrected or edited is stored separate from the new corrected material to ensure complete security in operation. This facility makes it possible to revert to earlier texts for file searching, checking, etc., until the material is cancelled.

Eye tests for operators

FINAL STATEMENT from the VET (VDU Eye Test) Advisory Group is available in a 12-page booklet published by Butler Cox and Partners.

VET was an independent body formed in July 1978 and chaired by Tom Stewart (formerly of Loughborough University, now with Butler Cox) with the primary objective of establishing a set of tests suitable for VDU operators.

This is a useful booklet for anyone concerned with the operation of VDUs. It contains a list of recommended eye tests for operators which, because of the urgency of the need for suitable tests, have been selected from among those "currently available throughout the United Kingdom in a standardised and reliable form."

From a practical point of view the tests are not difficult to administer and the report says that suitably trained lay personnel can test the majority of the visual functions using proprietary vision testers such as the Keystone Telebinocular, Mavis Tester or the Orthorater.

Butler Cox and Partners, Morley House, 26 Holborn Viaduct, London EC1A 2BP. 01-583 9381.

JOBS COLUMN; APPOINTMENTS

The best paid staff posts in City banking

BY MICHAEL DIXON

ALONGSIDE ARE the 14 jobs which, according to the latest of the thrice-yearly surveys made by the Jonathan Wren recruitment company, head the salaries league for middle-management and junior staff of banks in the City of London.

Job title	Minimum £	Average £	Maximum £
1—Loan manager	18,000	24,024	36,000
2—Foreign exchange/money manager	20,400	23,457	30,000
3—Eurobond issue manager	18,000	22,260	30,000
4—Corporate finance manager	14,400	19,856	28,800
5—Eurobond dealer	9,600	15,649	25,200
6—Financial controller	16,800	20,534	24,600
7—Operations manager	13,800	19,670	24,600
8—Chief auditor	14,400	18,400	24,000
9—Leasing executive	10,800	14,934	22,680
10—Senior lending officer	12,000	15,970	21,900
11—Investment fund manager	10,800	16,975	21,600
12—Chief foreign exchange dealer	13,500	18,510	21,000
13—Data processing manager	14,250	16,279	21,000
14—Senior foreign exchange/deposit dealer	10,860	14,219	20,400

The survey is a two-pronged effort. Part one collects salary data of three kinds. The first kind consists of the salaries of people who apply for the jobs which Wren is handling on behalf of clients. The second kind consists of the salaries being offered by the clients. The third kind consists of the salaries at which the recruits are eventually appointed. A total of 133 different banking jobs are covered in this way.

The other part of the survey provides a detailed description of the various pension arrangements and other fringe benefits offered to staff by City banks, based on information gathered from more than 40 employers in the area.

Obviously, it is beyond the scope of this column to report on the whole survey, which is obtainable through Ken Anderson at Jonathan Wren (170 Bishopsgate, London EC2M 4LX; telephone 01-623 1266). But he has kindly allowed me to use some of the data on salaries—the pay being received by applicants for jobs being handled by Wren—with the aim of indicating the salary levels now prevailing.

Because of that aim, however, the figures in my table are not those which appear in the survey. Since Mr. Anderson collected the statistics for the latest report over the period from January to April, they do not take into account the 1980 pay rises already settled by the clearing banks and expected to be generally matched by the City's international and merchant banks.

I have therfore taken the statistics gathered by Wren, which treat salary as including London "weightings" and contractural bonuses as distinct from profit-sharing and the like, and increased them by 20 per cent which is the approximate going-rate for the 1980 pay rises.

The only other comment which needs to be made on the table is Ken Anderson's estimate that the jobs listed will generally carry pension arrangements worth a further 20 per cent of the salary or thereabouts, and other fringe benefits roughly worth yet another 20 per cent. So if City banks do not provide the best rewards for middle-management work in Britain, they certainly don't provide the worst.

Quartet

NOW, since we are on banking today, to four jobs being offered through another City-based consultancy, Noel Alexander Associates. Since in no case may it name the employer, applicants who so request will not be identified to the bank in question until specific permission is given later. The address for inquiries is 70 Queen Victoria Street, London EC4N 4SJ; telephone 01-248 2256, telex 8812703.

Consultant Dane Clouston is seeking someone to be responsible to the vice-president of the European division of a wholesale international bank, for two main activities.

The first is marketing and business-development in the United Kingdom. The other is helping to manage the London branch.

Candidates must be able to show several years of success in the marketing of banking services, and have established contacts in major UK and international businesses. Experience on the operations side is also wanted, and those with first-hand knowledge of international banking particularly in connection with the Middle East, would have a strong advantage. A degree could also be helpful.

The salary indicator for this job is "negotiable around £20,000." There is a car among the copious, City-type perks.

Inquiries about the other three posts should be addressed to Mr. Clouston's fellow-consultant, Hans Wessel.

Mr. Wessel's first pair of posts also have marketing as their prime task. But in both instances the recruits will be concerned with potential customers in a particular region overseas, which means that linguistic as well as business-development skills are required. The main product with which the newcomers will be concerned on behalf of the international-bank employer is medium-term syndicated loans, for which they will generate demand from governmental and private-sector borrowers. Their immediate boss will be the head of the bank's international division.

One of the new recruits will be responsible for the Iberian Peninsula, and will thus need competence in Spanish or Portuguese or both, as well as experience of dealing with institutions and businesses in that area.

The same goes for the operating experience of the other person, whose responsibility will be primarily the Nordic countries. Here, therefore, proficiency in Swedish or Danish or both is wanted.

Candidates for either post would find United States bank credit-training a help, and developed skill in legal documentation would be highly useful. The salaries are quoted as "into five figures," which I think must mean from £15,000 to about £20,000 depending on the aptness of experience and skill.

The remaining job being offered through Hans Wessel is with a U.S. merchant bank based in London, and its main task is to promote the use of the cash-management techniques developed by the bank. As well as marketing these techniques to client companies, the newcomer will help the clients to put them into practice.

Candidates should be thoroughly versed in cash-management, and preferably have done similar work with a U.S. or European bank, marketing to client concerns in the UK and on the Continent. A business-school degree would help.

Skill in one or more of the major Continental languages would be valuable, but not essential.

The salary indicator for this cash management executive's post is "from £15,000." The perks will be of the usual City standard.

COMPANY NOTICES

MAKITA ELECTRIC WORKS LTD (CDRs)

The undersigned announces that as from 26th June 1980 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 20 (accompanied by an "Affidavit") of the CDRs Makita Electric Works, Ltd., will be payable with Dfls. 2.79 net per CDR, repr. 50 shs and Dfls. 55.80 net per CDR, repr. 1,000 shs (div. per record-date 20.2.1980; gross Yen 7.5 p.sh.) after deduction of 15% Japanese tax = Yen 56.25 = Dfls. 0.49 per CDR, repr. 50 shs; Yen 1,125 = Dfls 9.80 per CDR, repr. 1,000 shs. Without an "Affidavit" 20% Japanese tax = Yen 75 = Dfls. 0.66 per CDR, repr. 50 shs; Yen 1,500 = Dfls. 13.20 per CDR, repr. 1,000 shs; will be deducted.

After 20.9.1980 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 2.62 net, per CDR repr. 50 shs and Dfls. 52.40 net, per CDR repr. 1,000 shs, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, 5th June 1980.

ASSOCIATED BRITISH FOODS LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 17 June to 11 July 1980, both dates inclusive.

By Order of the Board,
T. H. M. SHAW, Secretary.
Weston Centre,
40 Berkeley Square,
London W1X 6BR.
17 June 1980.

BARLOWS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of Barlows Limited will be closed from July 1, 1980 to July 10, 1980 (both dates inclusive) for the preparation of Dividend Warrants.

By Order of the Board,
A. REDFORD, Secretary.

CITY OF LIMA (THE HONOURABLE PROVINCIAL COUNCIL OF LIMA)

5% FIRST MORTGAGE BONDS 1911

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above Loan for July 1980, bonds for an original nominal amount of £2,600 have been purchased and £3,000 drawn for redemption.

The following are the numbers of the bonds drawn for redemption on 1st July 1980 after which date all interest thereon will cease. Payment will be made at the new par value of £171 per £100 Bond in accordance with The Republic of Peru Offer dated 13th January 1955.

30 Bonds of £100 Original Nominal Value Each

89	177	308	379	656	1055
1265	1404	1560	1646	1845	2011
2260	2337	2559	2693	3112	3143
3455	3808	4264	4300	4628	4801
5214	5354	5510	5532	5788	5945

The above bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms and must bear all coupons subsequent to 1st July 1980 otherwise the amount of the missing coupons will be deducted from the redemption proceeds.

N.V. PHILIPS' GLOEILAMPENFABRIEKEN established at Eindhoven, The Netherlands

U.S.$100,000,000 4¼% Convertible Debentures 1968/1983, convertible into ordinary shares of N.V. Gemeenschappelijk Bezit van Aandelen Philips' Gloeilampenfabrieken.

With regard to the provisions in Article 11 of the Trust Deed the undersigned herewith announces that its report concerning its activities during the year 1979 is available for debenture holders at its office, Keizersgracht 558, Amsterdam. A translation into the English language can be obtained, inter alia, at the office of

New Court
St. Swithin's Lane
London EC4P 4DU
England

The Trustee
N. V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR
Amsterdam,
13th June 1980.

NICHII CO. LTD.

NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN that copies of the 1980 Annual Report of Nichii Co. Ltd. are available at the office of the Depositary, The Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London EC2P 2HD, and of the Depositary's Agent, Chase Manhattan Bank Luxembourg, S.A., 47, Boulevard Royal, Luxembourg.

THE CHASE MANHATTAN BANK, N.A., London, as Depositary.
June 1980.

EXHIBITIONS

LEGAL NOTICE

ESTA (FASHION MANUFACTURING) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co. situated at 3/4 Bentinck Street, London W1A 3BA, on Tuesday the 1st day of July, 1980 at 12 midday, for the purposes provided for in Sections 294 and 295.

Dated the 10th day of June, 1980.
A. J. E. HAY, Director.

Financial Times Tuesday June 17 1980

FINANCIAL TIMES SURVEY

Tuesday June 17 1980

VIDEO AND FILM

CONTENTS

In comparing the two media, the application to which they will be put has a considerable influence on the final pros and cons which will emerge. Nevertheless, with the rapid development of video systems, film must, in the long-term future, be overshadowed with obsolescence.

Broad scope for both media

By John Chittock

THE FIRST publicly demonstrated television system, invented by the energetic Scotsman John Logie Baird, relied on the use of a large revolving disc—performated with a spiral of holes—inside the receiver. Its rival, pioneered by a team at EMI, dispensed with this kind of mechanical scanning and employed the electronic picture reproduction system which was essentially similar to television today.

Some media experts today would say that in some respects motion picture film—mechanically driven—stands in relation to videotape recording as Baird's system did to EMI's electronic one. Although videotape recording makes some use of mechanical drives, its method of picture reproduction essentially relies on electronics.

Video offers low running costs per minute, convenience in instant replay, and better control over the technical characteristics of the image (e.g. colour quality, special effects, etc.). The advantages of film are low weight and capital cost of equipment, better quality reproduction for large audience groups and ease of handling in post-production (e.g. editing) stages.

There are also disadvantages in each technology. Video is in an almost anarchic state of confusion over standardisation. There are various recorder systems (even more if broadcast recorders art included). Nor are the different national television systems of PAL, SECAM, and NTSC directly compatible with the other.

Video equipment is cumbersome, costly and demands greater technical skill in use than film. And although it is capable of superior colour fidelity than film, it cannot reproduce the fine detail nor the range of extreme brightness from shadows to highlights of which film is capable.

These are some of the more simplistic arguments. However, in any serious examination of the two media one or two important criteria have to be established. Film is different from video in one very important operational respect: it is an almost universally professional technology, with even Super 8mm fim—the largely amateur gauge—still cropping up in professional situations.

Differences

Video embraces a much wider range of applications and amateur equipment is rarely if ever usuable in broadcasting. A broadcast television camera, for example, will cost 100 times that of a domestic video camera, and never the twain shall meet.

In comparing the two media, it is threfore important to nnderstand that the application to which they will be put has a considerable influence on the final pros and cons which will emerge.

The amateur wishing to capture a family wedding celebration, if faced with a choice of media, will have to resolve a number of questions. Is a substantial running time involved and is the cost of this important? If yes, video scores. Must some of the shooting take place out-of-doors and in the church? If yes, film scores, especially if the cost of equipment is a factor. Is it necessary to edit the finished material and perhaps add a well-created sound track? Film may be best if the answer is yes. Is the material to be viewed only by small family groups and not large audiences? Video triumphs for a yes.

Such criteria are for the amateur. For professional and industrial users, the pros and cons become more complicated. The first consideration will be how or where the material is to be shown. If it is to be viewed solely on television sets, without any need for large audience screenings, videotape will certainly be the first choice of production medium, unless special considerations apply (for example, need for very lightweight or inconspicuous cameras).

If the audience will be mostly congregated in large groups, or in scattered communities where even the existence of mains electricity is in doubt, film is almost certainly the inevitable choice.

Where cost or weight of equipment is a factor, film is generally much more suitable—whether for production or screening. Where cost of production is a key issue, the choice between film and video is more evenly divided—regardless of many wild claims that video is an inexpensive production medium. If cost of distribution is an issue, video scores heavily because, for example, one hour of video cassette is substantially cheaper than film, considerably lighter in weight for despatch purposes, and likely to outlive film in wear and tear.

Professional users

For example, professional and educational users are essentially distribution-conscious—getting the message to the right audience at the right time as quickly and cheaply as possible, and here video is beginning to displace film wherever its other disadvantages are irrelevant.

Marks and Spencer have equipped all their stores with video playback machines for training purposes, replacing 16mm and slide equipment. Some schools are already preferring videocassettes to film, especially where pupil or student control of the viewing is more important than teacher presentation. And the lower cost of videocassettes is at last being recognised by some 16mm libraries, who are now offering them at a reduced rental fee.

One Swedish distributor even reports two new training titles—which are available on both fil mand video—as being more popular on video—a significant sign of things to come in the training business, where 16mm film distribution will be most vigorously challenged by video.

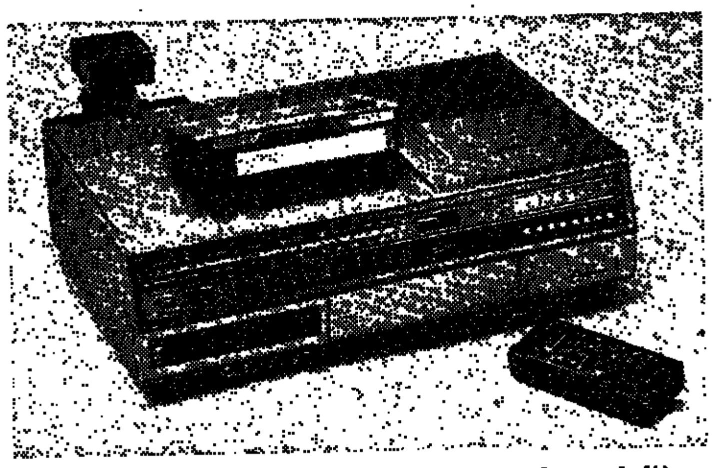
In some, situation the two media co-exist and actually complement each other very well. Where film is preferred for production of a programme but video has the advantage for distribution, the film can be transferred to tape.

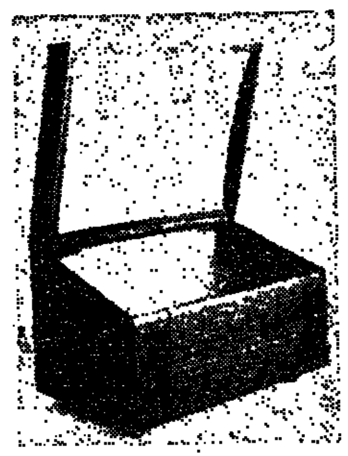
The converse is also possible, and this may be especially useful if the programme requires unusual special effects—which often can be accomplished on video better than film. But tape-to-film transfers, when projected on to a large screen, rarely have the quality normally associated with film.

Other interesting possibilities include the use of video-to-film transfer for preparing 16mm copies of foreign language films. For economic reasons, foreign films required for 16mm distribution are often duplicated in the film laboratory straight from projection copies—a technically unsatisfactory method that yields poor quality. Addition-addition of English sub-titles, which is costly and rarely satisfactory on tecnical grounds.

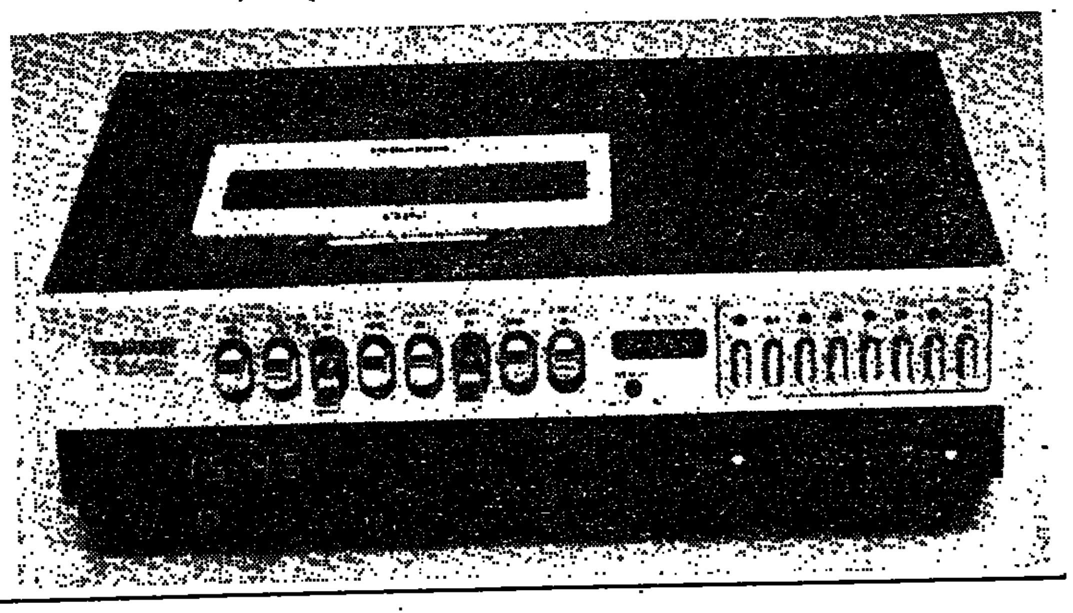
If the projection copy of the film is transferred straight on to videotape, it is technically feasible to "inject" electronically generated sub-titles which can be of superior quality to those created by photo-chemical means. The tape can be then re-transferred to 16mm film, usingfi electronic control to also rectify quality problems in the colour and the image.

Such mutations of film and video have yet to be utilised in a significant way, but they exemplify how the two media can co-exist—even if the long term future for film must be inevitably overshadowed with obsolescence.





The HS-300 video cassette recorder (above, left) and the VS-500, 50" large screen television; bpth items from Mitsubishi Electric. Below: One of Furguson's Videostar range of video cassette recorders, the 3V22. Its features include an eight-day timer and 24-hour digital clock. This model, which sells for around £500, is expected to be Ferguson's volume seller this year.



VIDEO AND FILM II

Japanese manufacturers dominate video market

THE MASS PRODUCTION of low-price (typically £550 retail) videotape recorders is a Japanese speciality. Indeed, in 1979 85.5 per cent of deliveries to the UK trade originated in that country. These were predominantly VHS (75.2 per cent) and Betamax (10.3 per cent) models for the household market, in which Japan's sole competitors are Philips (Holland) and Grundig (West Germany) whose respective VCR and SVR formats totalled 12.1 per cent and 2.4 per cent of 1979 UK deliveries.

In recent years, the Japanese electronics industry also has begun competing seriously in the higher-price broadcast VTR market, hitherto dominated by Ampex and RCA (U.S.) and Bosch-Fernseh (West Germany). A similar expansion is visible in colour TV camera production, where a profusion of low-cost designs (£400 to £2,000) have been joined by studio and portable broadcast units.

Japan's concentration on electronics dates from 1948 when news of transistor technology filtered from Europe and the U.S. Early attempts to produce semiconductor crystals failed as much through lack of basic facilities—air and water purification—as lack of technical understanding. Licensing agreements were signed with American semiconductor manufacturers in 1952 and the first Japanese transistor products appeared two years later. Transistor production in Japan rose from 6,500 units in 1954 to 27m in 1958.

Hiroshi Takeuchi, chief economist in the Economic Research Division, the Long-Term Credit Bank of Japan, explains the rapid growth of Japan's electronics industry on the country's readiness to absorb foreign technologies (the rotory-head VTR was itself a Euro-American development), on "the diligence of Japanese engineers," and on social harmony within the workplace.

Adaptation

"A cleverly devised system has also been adopted to rotate engineers. In research institutes of large corporations, an engineer, until his early thirties, engages in small but innovative researches without managerial capacity. After that, he will be promoted to a chief position with a few subordinates, assuming the duty of heading a research project from a broader viewpoint," he writes in a recent report.

Speaking in May to a Royal Television Society audience, Sony Broadcast managing director Howard Steele attributed the success of Sony Japan to its being controlled largely by engineers, adding that "Bean counters do not make ideal managers." He dismissed any suggestion that individual productivity was inherently higher in Japan than in Britain, claiming that Sony UK's expanding colour TV plant at Bridgend, South Wales, was comparable in productivity under largely British management with its Japanese equivalent.

Steele echoed the commercial folklore that Japanese decision-making tended to be through collective if long-winded "premeetings," encouraging motivation of all staff through involvement, but retaining (in Sony at least) the ability to react rapidly to changing competition.

Within KEF Electronics, a British loudspeaker manufacturer with an enviable commercial record, worker relationships are not seen as the key to Japan's industrial growth.

KEF managing director, Raymond Cooke, says: "Personally *I think* it is more likely due to a continuous and coherent government policy of encouraging activity where there is the best chance of success. This policy has been continuous throughout various political changes in post-war Japan. Like education and health, industrial policy must remain outside politics."

Concluding on generalities, it appears that Britain lacks in 1980 a strong consumer electronics industry partly through loss of confidence in her own ideas (why was it left to Sony to pursue digital video tape recording technology pioneered by the UK Independent Broadcasting Authority ?) and partly because the video market in particular is too small to attract her interest.

THORN-EMI recently declared its intention of commencing video disc player production in Britain when or if it made economic sense. Rank Toshiba will shortly commence assembling Betamax videocassette recorders in the West Country, the first UK VTR production line outside Chelmsford where Marconi recently began assembling C format broadcast recorders under licence from Ampex. Are these the first signs of a strong future British video industry?

David Kirk

The writer is editor of "Video."

Industrial video: the new company medium

LOW COST, speed, flexibility and high quality are the hallmarks which make video the first choice for internal communication within companies today.

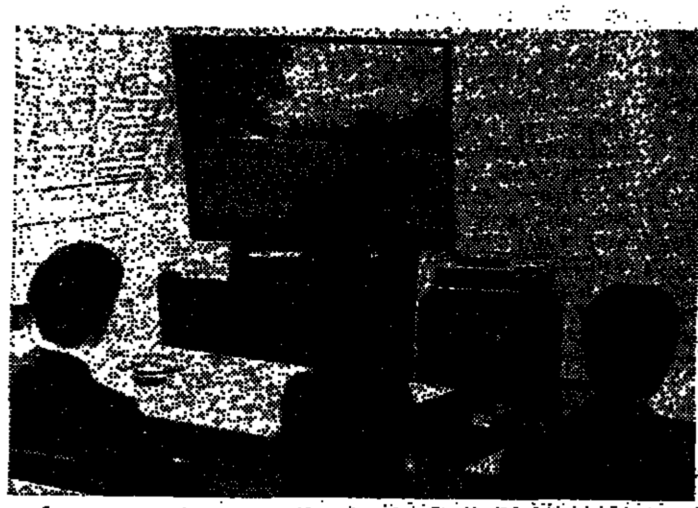
To take a prime example: Reckitt and Colman annually releases an end-of-year video report, produced by SB Modules, which is shown to their 30,000 employees all over the world within hours of the figures being published. The inclusive cost was £27,000 or just under £1 per employee.

Compare this figure with the price of the printed annual report as issued to shareholders, which each employee also received. It cost £1.50 a copy. And, to give the video viewers the impression that what they were seeing was in every way the equal of what appeared on their television sets every night, the latest 39-minute video programme opened with a piece of computer animation in the modern manner.

Again, the acceptance of British Leyland's new policy by the workforce may be attributed partly to their readiness to use video as a communications medium. All 25,000 employees of Leyland Vehicles saw a 10-minute programme, made by World Wide Pictures in 24 hours, in which TV journalist Brian Redhead interviewed the chief executive, David Abell, on the Edwardes' recovery plan.

The cost of the video operation was well under £8,000 and the dozen videocasette copies required were available the same afternoon as the recording. For those viewing points which were not equipped with video the tape was transferred to 16mm film of which 20 prints were ready for showing two days later.

But it is not only big companies, which count the number of their employees in five figures, that make video programmes about their businesses.



A company presentation, using a video projector. Organisations, large and small, are making increasing use of video equipment for internal communication.

Extel, which has diversified into a number of different operations, wanted to arouse a sense of unity of purpose among their 2,000 or so employees. So they commissioned a production company, Video Arts, to make a 17-minute programme titled (A Word In Your Eye) in which James Bellini interviewed managing director Alan Booker about the various companies under his umbrella.

To illustrate the flexibility of video events, the National Bus Company's recent programme can be cited as an example. The company wanted to explain that the Transport Bill now going through Parliament would involve "a deregulation of the industry." It approached Dr. John Hemingway of World Wide Pictures who decided they needed a studio audience of about 30 people in the programme to make it a success. This would have been very elaborate to do using film, so video with three cameras was the obvious choice.

The 27-minute programme was made in 30 differing and separate versions—one for each of their operating companies—and the total cost was just over £20,000.

World Wide also produce a quarterly video magazine for British Petroleum called "Pipeline." Viewing by employees is voluntary and successfully encouraged by planting monitors in prominent positions—such as in BP's Britannic House in London, which continually displays a trailer for the programme.

An example

The North Thames Gas Board make some of their own training and internal communication programmes, often in the studios of Independent Television News, at a cost of between £8,000 and £12,000. "Some Faces of Finance," for example, was made to explain how the finance department deals with everything concerned with money from gas bills to wages.

The ICI Plastics Division's package "Minding Our Own Business," was originally made for their own workforce but is now available to industry generally through Training Films International. It provides an explanation of general business principles.

Kodak saw this programme and decided it would be more helpful to their own employees than the others available on the same subject. But how could they explain that although made for ICI it was relevant to Kodak?

The answer was to get SB Modules to produce a special video programme, at a cost at today's prices of £7,500, showing a panel of six employees who had seen the ICI programme, explaining why they found it helpful.

Another example of using video to influence employees' thinking was the programme Cygnet Guild Communications produced for Shell. Titled "Word for Word," it explained what the introduction of word processors would mean to those who would be affected by them.

Most of the big suppliers of training materials—Rank, Millbank, the Central Film Library, Video Arts and Guild Sound and Vision—will supply videotape versions of programmes originated on film. These are often in Sony U-Matic or Betamax formats, though some of them have noticed an upsurge recently in demand for VHS format.

The Distributive Industry Training Board originates all its training programmes—and they cover a very wide field — on videotape. The DITB estimate that 70 per cent of their hirings (a total of 1,500 last year) go to their own industry and the remainder to firms outside the distributive trades.

Outright sales of tapes are another matter. But there is no doubt of the interest in videotape today. As Jim Lewis, sales manager of the visual aids department of the DITB puts it: "Two years ago I was fighting a case for sticking to the 16 mm film format—I wouldn't entertain that now."

Kenneth Myer

Big potential for disc systems

IT HAS been said that the Japanese communicate with each other by a process of osmosis. In the absence of an extensive vocabulary, but with written language, perhaps an extra sense of communication is necessary for them. In many ways, the promise of the video disc is similar, offering to Western society at least a new dimension in our understanding of communication.

The justification for this claim lies in the facility that video disc technology possesses for handling pictures with a fluency previously peculiar only to words and numbers. Suddenly, pictures become a potential extension to contemporary language.

Typically, a video disc system will offer its user a potential store of about 50,000 colour pictures on one side of a double-sided disc; each picture is instantly retrievable, and it is possible to programme the automatic retrieval of the pictures in any sequence required. If a picture is worth a thousand words in clarifying communication, what are 50,000 pictures worth?

This single picture facility of the video disc is, perhaps, the most important feature of its technology. Yet it is also the least appreciated. The main thrust of video disc activity is geared to the release of movies and documentary leisure programmes, with for example, Jaws already available in the U.S. for under $25.

Opportunities

The distribution of entertainment material on video discs is of course important, and promises to stimulate new opportunities for the movie business, the hi fi record industry and even broadcast television. The BBC, for example, hopes that the video disc sale of some of their television programmes will ease some if not all of their growing financial problems.

Even with moving pictures on a video disc, the medium is unique when compared with other moving picture systems such as film and videotape. On a video disc, it is generally possible to freeze the movement, repeat any part of it over and over again, speed it up, slow it down, even analyse the frame-by-frame progression of the movement until it is brought bursting back into full life again. It brings a fluency to the television screen that cannot be fully appreciated until some hours have been spent playing with the device.

These are some, but by no means all, of the characteristics of the video disc which will benefit users—whether in industry, education, science or the home. But before that benefit can be fully realised, some nasty commercial battles must be settled—principally between Philips, RCA and JVC (with a slight chance of local skirmishes created by Thomson-CSF).

As has been recorded repeatedly in the media in recent months, Philips, RCA and JVC each have different and non-compatible video disc systems. And behind each is a line-up of industrial allies, such as IBM, Pioneer, Sanyo and Sony favouring Philips, CBS backing RCA and Thorn EMI supporting JVC.

Technically, the Philips VLP system is superior to its main rivals, with a playback specification matching the high standards of broadcast television, a disc which requires no special physical handling, and a technology which offers open-ended development (viz., optically-encoded discs which are read by a laser).

The rival RCA system depends on a stylus for physical tracking in the disc (whereas the Philips avoids any contact between disc and "pick-up" head): RCA's discs have *to* be contained in a rigid caddy to protect them from physical harm; and the system cannot at present provide freeze frame, slow motion, nor even stereo sound.

JVC's VHD video disc system lies somewhere between the other two. It uses similar technology to RCA's, reading its signals from the disc as variations in electro-capacitance rather than as optical modulations as used by Philips. This means that although JVC's tracking system is not mechanical, a stylus must still make some contact with the disc to read the signals. A caddy is also required for the disc.

JVC's system is inherently incapable of providing the flexibility of the Philips VLP—

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Growing applications in education

EDUCATION is one sector where acceptance of video has been slower than anyone was predicting ten years ago. Despite the undeniable advantages of the cassette and the fact that 86 per cent of secondary schools in the UK possess recorders, film is still the favourite medium for conveying any information involving movement.

Sceptical educationists even suggest that the term "video revolution" was invented as a marketing ploy. Certainly audio-visual manufacturers, gloomy generally about the slump in educational spending, report fairly healthy sales to schools of video recorders.

On the software side, however, the picture is very different, with educational film libraries merely dabbling in video. Although most now offer certain titles on cassette, they claim that demand for them is infinitesimal, while the few requests they do receive come mostly from higher educational institutions.

Technological developments in hardware have attracted so much attention that some aspects of video's practical application seem to have been overshadowed. Most schools don't yet regard their video recorder as a means of showing hired material, but purely as something which will copy and play back broadcasts which are incompatible with school timetables. In this way thousands of students are for the first time benefiting from broadcasts which are often of an admirably high standard.

Sometimes video recorders will be fully utilised in just this way. However, according to the SBC survey, those schools which are equipped with video have an average of two machines each and this may not be enough.

Problems often arise when these are sited in a "resources" or "television" room where it may not be convenient to take a class to view only a short programme. While recorders themselves are highly portable, large televisions are almost impossible to transport without a cumbersome trolley. So sometimes 16 mm projectors may actually prove more portable and, given the advantage of being able to show to a whole class what on cassette would have to be played to separate groups or shown on several monitors, schools may choose film.

Often teachers' attitudes are responsible for lack of interest in pre-recorded cassettes. As one major distributor said, "Teachers have been using film for 40 years. Video is still in its infancy." Will it be therefore that because schools have 16 mm projectors they will use them until they fall apart or until celluloid disappears, or will they come to recognise the distinct advantages both media can offer?

Perhaps distributors should confine their video titles to those where detailed study is important and then promote them heavily. Once they convince their customers that tape is for viewing, stopping, analysing, repeating and discussing in small groups, whereas films are intended to be shown from beginning to end usually to larger audiences, demand for video may soar.

Sales of pre-recorded cassettes will increase to higher education and local authority resources centres, though it seems unlikely that scvhools will build up their own video banks until prices can be greatly reduced. Education is different from the domestic market in that turnover is rarely sufficient to keep the unit price down.

The UK Government's Central Film Library recently arranged to distribute programmes made by the Inner London Education Authority at a remarkably low rate. But the programmes were all made in ILEA's own television studios and if production costs were included in the charges, these would be signicfiantly higher. It is becoming increasingly difficult for commercial producers and distributors to make a satisfactory profit on educational films.

For professional and industrial users, the pros and cons between film and video are complex. However, for outdoor work, as above, film can have the advantage, especially if the cost and weight of equipment is a factor

Local schemes

There is also pressure from some local authorities to operate their own video licensing schemes. Some see this as financially disastrous for themsilves and, in the long term, for education. If authorities manage to obtain very favourable licensing terms or pirating is carried out on a large scale, producers will not get a sufficient return to make more films. They fear this could mean the end of the educational film industry.

Possible answers are to shoot straight on to tape, which is not satisfactory in many cases; to sell video rights for so much that it does not matter how many versions are made or for how long they are kept; or to bring prices right down and aim at selling a very high number of units to individual institutions, who will not consider it worthwhile to copy.

It seems inconceivable that the educational film industry will collapse. Each generation of producer has felt threatened by new technology and teachers do not readily take to change. With the move by schools to the VHS video cassette format, more will be able to afford the hardware, so there should be a growing demand for the software.

Attitudes do change, even if slowly. The important thing is for producers and user to co-operate.

Ros Hawkins

Mr. Bill Fulton, managing director of Sony (UK), demonstrating a Sony optical, video disc and player at a recent trade show. This was the first time that Sony had demonstrated the system in Britain

Impact on the Super 8 market

EVEN IN the early 1970s it would have been possible to visualise a very rosy future for Super 8 film. Although it filled only a narrow part of the moving picture spectrum, being used essentially for only small group viewing of functional programmes, it was beginning to shake off the image of its standard 8mm forerunner as a purely amateur gauge.

There was even a concerted effort to have Super 8 accepted as a professional production medium for industrial and educational films. It cost less than half the price of 16mm, the equipment was lighter and simpler to use and the increased image area of a Super 8 frame gave a creditable picture on a screen of modest size.

For Super 8, then, the timing of the dawn of the video age could hardly have been worse. Yet it would not be strictly fair to characterise Super 8 as an early victim of video.

The key lies in the versatility of video and the economic advantages which result from the spread of functions it can fulfil. Super 8 is consequently forced back more and more into the amateur market as video replaces film in institutional use.

The most powerful illustration of this trend is the case of General Motors in the U.S. In 1972 the company, in common with other motor manufacturers, decided to set up an audio-visual network among dealers to provide sales and training material. The Technicolor Super 8 cassette was adopted and GM and Chrysler bought a total of 25,000 back projection units.

Now GM has just completed a replacement programme, installing instead 11,000 Universal Pioneer optical video disc players, gaining a range of interactive facilities while saving on software costs.

A curious economic balance existed between video and Super 8 when the mass consumer market for video began to be exploited in 1976. The cost of producing 90 minutes worth of half-inch videotape programme, using non-broadcast facilities, was about a tenth the comparable cost of Super 8, but the video equipment cost 10 times as much to buy.

Since then, the balance has come down firmly on video's side. The price of Super 8 film has gone up by 46 per cent—including a recently announced increase of 22 per cent—while the cost of videocassettes per hour is now only about a quarter of the 1976 price.

Equipment prices have also fallen dramatically as recording systems have become more sophisticated and more compact. Colour video cameras, little bigger than Super 8 counterparts, have come down in price to graze the top-of-the-market prices for film cameras, although a full portable video system will still cost upwards of £1,100.

Nonetheless, market analysts Mackintosh Consultants expect portables to make up 10 per cent of the total UK video market next year. Expected sales of 25,000 units will exceed the number of Super 8 cameras believed to be sold in Britain each year. By 1985, portable video could reach sales of 110,000 units a year.

Home movie market

To emphasise this trend, two Japanese firms, Funai and Ikegami, have introduced new video recording systems. They are based on quarter-inch videotape, are designed specifically for the home movie market, and will sell at around £600.

One murky corner of the Super 8 business which has yet to be hit hard by video is the blue movie. At present, according to one trade source, film outsells video by about 30 to one. But in the more legitimate field of selling theatrical feature films for home consumption, the videocassette shows signs of flattening the Super 8 market very quickly indeed.

For the price of a 20 minute Super 8 extract of a favourite movie, it is possible to buy the whole film on videocassette. Video discs, when they arrive in Britain next year, should be only a third the price of cassettes.

So if the institutional and home movie markets are being captured by video, what is left for Super 8? The bald answer is not a lot. Already trade in narrow gauge film equipment is suffering. Recent UK Customs and Excise figures show that the value of 8mm camera exports (never one of Britain's strongest points) declined by 60 per cent last year, and projector exports were down 34 per cent.

More significantly, imports of projectors declined in value by 6 per cent, not counting the effect of inflation. It is unlikely that Super 8 can now reverse the slow fade out.

The writer is editor, "Screen Digest."

David Fisher

Disc systems

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such as freeze frame, slow motion, etc. But by providing an add-on microprocessor and frame store unit, this facility can be offered as an extra.

Technical parameters apart, cost and marketing strengths are major criteria in this battle. RCA's player promises to be the cheapest, Philips' (in the U.S. currently $795) the most expensive. But JCV's add-on box will almost certainly raise the total cost of the combined unit above that of the Philips VLP.

Few would argue that in technical terms alone, Philips have the best product. But the complicated issues of marketing alliances, manufacturing strengths, programme supply, prices, and sheer panache in launching a new product, may all contribute more to determining the winner than technology.

Philips are already on the U.S. market and their VLP should arrive in the UK in mid-1981. RCA expect to be next, with a U.S. launch in the first half of 1981. JVC will follow later in 1981.

The film industry eyes all this with a mixture of apprehension and expectation. Some see it as a challenge to conventional cinema-going; some as a new outlet for their product. Many in the UK are ambivalent in the stance they take, trying simultaneously to reject video discs as a concept whilst keeping well in touch with developments. In the U.S., the movie business is showing greater involvement, with names such as 20th Century Fox and Paramount already committed to video.

Lower down the scale, the short film producers have high hopes from this new medium. Sprocketed film will remain for a long time the preferred method of programme origination for some video subjects, and anyway many of them are now equipped for video production too. Any medium which opens up a wider audience, thirsty for material on subjects as varied as hang-gliding to motoring, is good news for the specialised producers.

On another front, the whole information storage and archivel business will be thrown into turmoil by the potential of video disc, especially because it it not susceptable to ageing like print, film and videotape. The video disc is indeed a totally new medium, and possibly the ultimate one for recorded communication systems.

John Chittock

VIDEO AND FILM IV

Wider scope in community media

ALMOST FIFTY years ago, the father-figure of the British documentary film movement, John Grierson, said that one of his central aims was to educate the emerging masses "in the complex and intimate drama of their citizenship." He wanted to use film as an improving medium, to make people more informed about the world they lived in and generally to enrich their quality of life.

The last decade has seen a new movement spring to life in Britain, employing what have come to be known as community media. Its practitioners exploited a whole range of media, such as poster printing, book publishing, drama, newspapers, film and video all in a community context. The aims of this movement have not been so very different from those which inspired Grierson.

Community media practitioners have wanted to improve the quality of daily life by making people more aware, but they have gone further than Grierson. Instead of just making media products for people to consume, they actively involve ordinary people in the actual production process. Film and particularly video have played a prominent role in these activities.

Much criticism of modern society has focused its attention on the role of the audio-visual mass media of film and television. These critics argue that it is unhealthy for millions of viewers to sit isolated in their homes watching endless imported U.S. cop shows interspersed with glossy bubble-gum advertisements and news bulletins which distort and manufacture their own brand of news.

Community video and film practice is the antithesis of broadcast television. The bulk of it concerns intensely local issues—such as the closure of a local hospital, the need for more day nurseries, or the work of a battered women's refuge—and relies on the help of interested local people to make the film or videotape.

Some community media work can assume a more artistic slant—possibly the filming of a drama written by a group of unemployed school-leavers or a group of old age pensioners having a sing-song at their dinner club.

Small audiences

Using mostly half-inch gauge black and white portable video technology (generally known as portapaks) and Super-8 home movie-type equipment, countless records of such activities have been made. Often these films and videotapes reach very small audiences, sometimes not many more than the group involved in making them. Barely would they ever be seen by more than 1,000 people over many screenings.

But community media activists who foster such work on a full-time basis would argue that the actual process of creating the product—expanding people's understanding of how media work and giving a sense of achievement as part of a team—are as important as the numbers who see it, if not more so.

All of this activity has had to lead a hand-to-mouth existence. It is a new form of communication which has not happily and conveniently fallen into any existing pigeon-hole, thus guaranteeing a source of income.

The Arts Council of Great Britain invented a new category of arts funding in the mid-1970s called community arts which has supplied a limited amount of finance. But several observers have criticised the narrow definitions sometimes applied by the Arts Council and the regional arts associations.

The community tag has attracted a severely limited amount of cash from local authorities. Sometimes this has been channelled via the education department, social services, arts and libraries, planning, or even parks department. In Milton Keynes, the development corporation, in conjunction with the Post Office, set up an ambitious project in 1976 costing several hundred thousand pounds called Channel 40.

This was a local community television station, using cheap video gear, which aimed to make television programmes with local people's help. The station used a Post Office cable network to feed a few hours of local television each week direct to people's television sets in the new city.

Although initially the scheme promised to become the first full-scale example of community television, it fizzled out last year after the staff had mounted a campaign for greater community involvement which the management appeared not to want.

The more challenging film and video groups—sometimes they used both media and sometimes just one—have always found it difficult to survive economically. Their work, by its very nature, questions the status quo. It challenges safe art, it attacks local authority decisions, it criticises any government policy which increases unemployment and reduces welfare benefits. Subsequently it finds few backers—the odd arts body and the occasional charitable trust.

But it is because of its questioning spirit and its deep sense of participation that community media activity is worth supporting. It makes for a healthier society, because it provides all too rare opportunities for ordinary peple to creatively communicate rather than passively consume. It may even help, in Grierson's words, to make people more aware of "the complex and intimate drama of their citizenship."

Graham Wade

The writer is co-author with Heinz Nigg of Community Media, published by Regenbogen Verlag, Zurich. Available in UK at £4.65 (including post and packing) from Blackthorn Books, 74, Highcross Street, Leicester.

More opportunities in training

THE IMPORTANCE of audio-visual aids in training is reflected in the proliferation of media courses aimed at the conscientious trainer, ranging from part-time diplomas at further education colleges such as the South Thames College in Putney, to intensive one-or-two day courses offered by training agencies such as the British Association for Commercial and Industrial Education or the various industrial training boards.

Courses may cover audio-visual usage or production—or both—for the trainer is often a producer of in-company training material as well as a purchaser of ready prepared packages and programmes. This dual role of user and producer has understandably led trainers to favour media which are both flexible and easy to use and prepare. Increasingly this means video.

A few months ago, Marks and Spencer decided to use video as the main medium for staff training, replacing the existing mix of tape/slide and film. Faced with the traditional difficulties of training part-time staff, the company believed that training sessions using video would be more flexible and easier to organise at short notice.

Another company to come to much the same conclusion was the Aer-Lingus-owned Tara Hotel in London. With 840 staff to train, the hotel's management regarded the switch from film and tape/slide presentations to video as one of "natural progression." The hotel's management decided to make its own internal training programmes rather than buy in commercially produced materials.

Again, flexibility is the key word. The management felt that internally produced materials could respond quickly to changes in the hotel's facilities, with training programmes being readily updated or remade as required.

Both the Tara and Marks and Spencer projects are based on a video equipment rental agreement made with Granada TV Rental. It provides a complete package for in-company video production and presentation. This neatly gets round the major problem still associated with video—that of a newish technology which has not yet standardised its equipment.

Aside from group training, there is also a strong trend towards the use of video as a self-teaching aid to individual study, particularly in new technologies such as computing. The London-based company, BIS-Deltak, has made a speciality of producing video based, "self-instruction" training courses in data processing and computer programming. User clients range from American Express to the Paymaster General.

Popular medium

However, despite the video invasion, film in the form of tape / slide still appears to be a popular training medium, whether as a complete programme or as part of a multi-media package. Like video, this medium has a certain flexibility.

Increasingly, professional producers are offering, as an extra, to insert particular company or product references into an otherwise mass-produced programme to give the impression of a tailor-made presentation. It is not unknown for training officers to perform this sort of programme manipulation themselves.

However, 16 mm film appears to be the domain of the professionals. Certainly there is no comparable number of 16 mm production courses vying for the trainer's attention. Last July, Rank Aldis spoke of British training film production as a boom business.

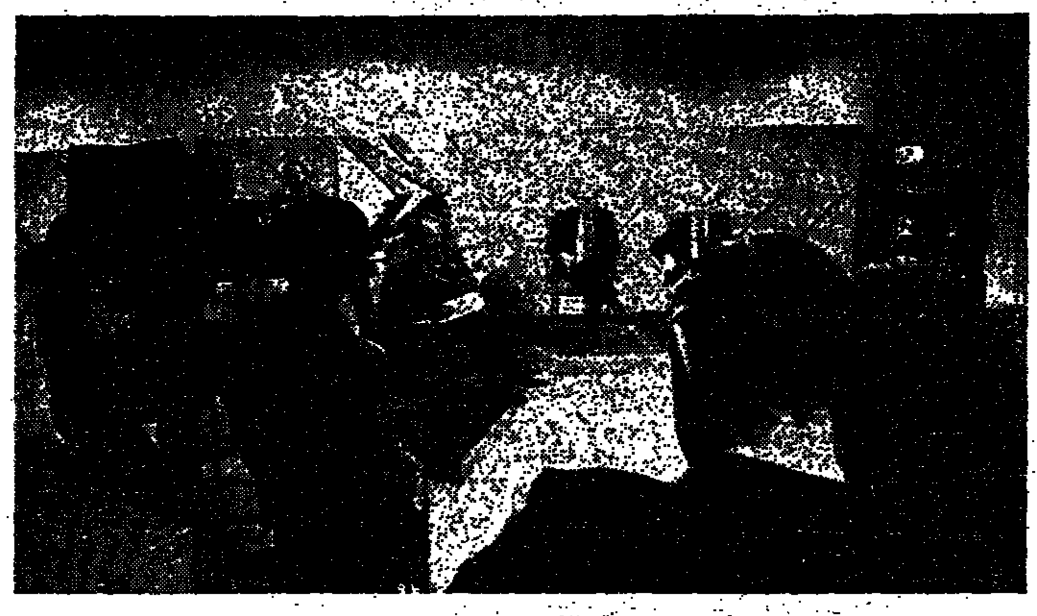
Both Rank and Video Arts, which between them claim to have some 60 per cent of the UK training film market, have been placing increasing emphasis in their productions on the use of star names from television. Penelope Keith sorts out problems of management organisation in *The Pursuit of Efficiency*, while John Cleese has built an entire business (Video Arts) on his television reputation. Latest Video Arts releases even feature an episode from "Fawlty Towers!"

Inclusion of TV personalities, it is felt, not only adds an element of entertainment to the training programme but helps to create an atmosphere in which trainees can identify more readily with characters and problems at issue.

Boom business or not, however, professional production companies are increasingly hedging their bets on the film/video wrangle. The growing trend now is for programmes to be made available on both 16mm film and video-cassette formats. Perhaps the last bastion to fall will be the programme showcases — the audio-visual festivals. A large number of people still believe devoutly that film looks so much better.

Christie Quinn

The writer is editor of Training Digest.



A studio discussion (above) during the making of the latest video training programme for staff of the National Bus Company. TV and radio presenter Brian Redhead led the discussion by inviting questions on the Transport Bill.

The programme, recorded by World Wide Pictures at Watford, will be seen by many of the 60,000 NBC staff throughout Britain, and various editions of the programme are adapted to suit regional needs. Earlier recordings have looked at driver training, staff induction and customer-relation topics.

Comparisons in various recording systems

THERE MAY seem to be little in common between the motion picture camera with its chemically processed photographic film and the television camera recording electronic signals on magnetic tape. But in fact both have a common ancestry and both involve essentially electronic processes.

In the 1830s the discovery of chemical reactions involving silver initiated by the action of light to produce "photogenic drawings" formed the basis of photography as a method of image recording with vastly increased detail, but still limited to monochrome without movement.

From this point the chain of development to the motion picture of today appears clear enough — silver plates, glass plates with wet coatings, dry plates, until emulsion layers on flexible celluloid allowed a sufficient number of separate pictures to be taken in rapid succession and thereby record objects in motion, with reproduction in a similar fashion.

It had been shown that information in the three main regions of the spectrum, red, green and blue, was sufficient to provide an adequate representation of all of the hues present in the scene, so colour photography and cinematography developed first by taking separate picture records of each of the three which were then combined for viewing.

Improvement

This was later improved by coating three colour-sensitive emulsion layers on one strip, the colour film of today.

But the recording process of colour film is essentially an electronic one. The layers of a photographic emulsion contain electronic photo-sensors with self-energised semi-conductor memories, closely paralleling the solid state charge-coupled devices (CCDs) of the latest generation of TV cameras.

The basic sensor element in the film is a minute crystal of silver halide, a lattice of silver and bromine ions. When light falls on its surface photons are absorbed and mobile electrons released. At suitable points in the crystal the electron may encounter a mobile silver ion which neutralises it to form an atom of silver.

If sufficient photons are available the process is repeated to build up a cluster of silver atoms which is stable and permanent within the crystal. Like a transistor, a sufficient threshold of electrons must have been reached before a crystal is switched over to record its exposure to light.

In the first photographic materials the silver halide crystals could only respond to photons of blue and violet light, so that only a monochrome record of the scene was available. But later discoveries allowed the same crystals to record other colours. In photographic terms this is called sensitisation but electronically it may be regarded as applying a selective transducer to the crystal surface.

The transducer absorbs light of the longer wavelengths, such as red or green, and as a result passes on electrons to build up the cluster of silver atoms in the appropriate crystal. In modern colour films separate layers with intermediate colour filters are use with appropriately sensitised crystals to record the red, green and blue images; but single layer grain emulsions have also ben produced.

Each picture area of the film after exposure contains millions of these silver atom clusters in a distribution representing the light and shade of the scene in each of the three primary colours; but as these centres are still too smal to be used some form of amplification is necessary.

Although this is carred out by a chemical solution termed a developer it is again an essentially electronic process. Each exposed silver atom cluster acts as a micro-electrode with electrical potential between it and the developer solution and mobile electrons pass into adjacent lattice so that in each activated crystal most of the available silver ions are converted to metallic silver.

Only crystals which have received their threshold does of exposure photons react in this way, the others being unaeffcted, and the number of crystals in any area so triggered is dependent on the amount of light originally incident.

Thus after development the concentration of metallic silver forms a detailed record of the light intensity making up that part of the picture area. Development produces an enormous amplification through the initial order 90 db or one thousand million times.

In themselves the silver grains in the three layers of film are not coloured. But the process is designed so that developer molecules which have lost electrons can combine with another chemical in the emulsion layer to form a dye molecule around the switched srystal, again in proportion to the light intensity of the initial exposure.

Amplification

At a further stage, both the converted metallic silver grains and the unswitched halide crystals are removed so that the final picture is made up of three coloured dye images only.

It is this separate amplification using electrons available from chemical reaction that permits the use of high information packing in the film. But separate amplification also precludes immediate play-back of a film record, despite the efforts of Polavision to build chemical development into a film cartridge.

It is a tantalising thought that an exposed frame of cinematograph film straight from the camera already contains all its information in the form of a solid state device, requiring only some form of retrieval for instant presentation. Is it possible that some future convergence of photographic and electronic techniques might allow the immediate scanning of the atomic clusters in the exposed but undeveloped film, to provide some form of immediate checking by way of a TV monitor screen at the time of shooting, leaving the final processing to the converted colour image to follow at the laboratory?

Would such a facility finally establish a common practice for both TV and cinema recording methods? Videotape is recognised as outstanding in providing immediate replay at the time of production, but the essential sequential scanning by line elements imposes a rigorous limitation on the amount of detail recorded. In addition, the problems of creative editing are often cited.

Film offers ready access and re-arrangement, as in dealing a pack of cards; but although advanced and sophisticated electronic equipment can be made available to handle videotape, the video editor may still find himself hampered by the very profusion of electronic hardware which must be interposed between his decision and his picture.

Film, on the other hand, permits the initial recording of extremely fine detail and, once processed, offers simple and direct access for the editor with the greatest flexibility of selection. However, at the time of shooting, the director is kept in the dark as to just what has been recorded by his camera.

But it is all there in the film, the photon-generated electrons have permanently triggered their silver halide crystals and these only await a suitable method of instant retrieval to allow the picture to be checked. Could the development of such a method prove to be the next fundamental step in our expanding technology?

Bernard Happé

The writer is technical editor, "Screen Digest."

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



The man in the centre, Edwin Wells, had fingers in both pies: while on the staff of Morgan Stanley he was involved with Belridge during the Shell takeover bid. After moving to Warburg Paribas Becker he worked with Ira Wender (left), the chief executive of WPB, to plan the totally different strategy for Sun. They pursued Mark Millard (right) of Shearson, Loeb Rhoades, who was acting for Seagrams and Texas Pacific, to his holiday hotel in Rome in an attempt to outflank the competition.

The men behind America's mega-takeovers

UP TILL six months ago, the largest U.S. takeover on record was General Electric's $2.1bn bid for Utah International. Since then this figure has been topped not once but twice: by Shell Oil's $3.65bn bid for Belridge Oil, and *Sun's $2.3bn* bid for Texas Pacific.

These immense sums have obviously set new parameters for takeovers in the U.S. But they have also placed new demands on the skills and imagination of the people who put such deals together: Wall Street's investment bankers. And since these deals clearly *mark the dawning of a new* era in mega-takeovers, given the intense competition that now exists for oil properties, they are worth a closer look.

At one level, the Shell and Sun deals have a lot in *common.* Both are in oil, both involve large integrated companies acquiring new oil properties. And, possibly most important, they both required negotiators to make some difficult judgments about the value of oil in the ground, and the best time to buy and sell it.

Yet they could hardly have been assembled more differently. In Belridge's case, the investment bankers, who were Morgan Stanley, ran an extended auction and sold to the highest bidder. In the other, Shearson Loeb Rhoades did the exact opposite; they negotiated privately with a select group of would-be pur*chasers and their investment* bankers, and struck an early deal.

The Belridge takeover was in many ways the most spectacular, though not necessarily the most instructive.

Belridge was a little-known Californian oil company owned principally by three families, the Greens, the Bucks and the Whittiers, though Mobil and Texaco owned 18 and 17 per cent respectively. The families, whose principal members were advancing in years decided the time had come to sell. Morgan Stanley, confronted with the problem of realising the best price for Belridge's oil properties at a time when soaring oil prices had thrown the market into turmoil, decided the wisest course *lay in holding an* auction.

Data room

So it announced last autumn *that Belridge was for sale,* and said that interested bidders could inspect confidential information about the company in a special "data room" at its Los Angeles offices. They could then submit sealed bids. These *would be examined and the* winner announced a few weeks later.

The reasoning behind this strategy was that because Belridge's oil deposits were difficult to reach, the amount that could actually be extracted would depend to a large extent on the purchaser's experience and skill. So uncertainty about the recoverable value of Belridge's oil was likely to produce widely varying bids.

The main drawback to a sealed bid auction is that the winning bidder risks "leaving money on the table"—vastly outbidding the rest of the field. If this becomes known, it can be embarrassing.

And this appears to be what happened. Shell Oil's $3.65bn *winning bid not only greatly ex*ceded the $2-2.5bn at which Wall Street had valued the deal, but Mobil and Texaco let it be known that they had bid only half as much—$1.8bn. It is unlikely that they were runners-up. *But the huge discrepancy be*tween the publicised figures evidently caused Shell some pain, and obliged it to justify its bid by claiming that it could greatly increase production from Belridge's wells.

Shell's unhappy predicament could also discourage companies from participating in auctions of this kind in the future.

The aftermath of the Belridge auction was untidy. Having lost the bidding, Mobil and Texaco (who were being advised by Salomon Brothers) mounted a *vigorous publicity and legal* campaign to obstruct finalisation of the deal, or at best to retain some kind of interest in the company based on their shareholdings.

Shell offered them the chance to buy back an undivided working interest in the properties, but at 110 per cent of the price Shell paid. Mobil and Texaco turned down the offer, and in the end dropped out of the fight.

This episode would have been no more than a messy aftermath to the whole takeover, were it not that the question of sellers' *rights also cropped up in the* Sun deal, though in quite a different form.

This deal came about when Seagrams, the $2.5bn Canadian drinks company, decided to sell its Texas Pacific oil company *which it had bought as an* investment back in the 1960s. The soaring value of oil had caused its subsidiary to grow out of all proportion to Seagrams' other interests.

But, like Belridge, Seagrams *faced the problem of choosing* the best moment to sell. And given the soaring value of oil, it also wanted to retain some kind of interest in Texas Pacific's oil properties as an inflation hedge.

So it decided to sound out the market by making a few discreet approaches through its investment banker, Mark *Millard* at Shearson *Loeb* Rhoades, to a select group of about half a dozen oil companies.

According to Millard: "We did not want an auction because we were more interested in the shape of the deal than in the price. An auction commits you, and reduces your freedom of action."

Several companies responded to the bait, among them Sun, the U.S.'s 12th largest oil company, and one which has been trying to improve its oil production base. Sun quickly contacted its bankers, Warburg Paribas Becker, which is 20 per cent owned by each of S. G. Warburg and Paribas, and 60 *per cent by the firm's American* principals. The two agreed that this was a rare opportunity to acquire a large package of very attractive oil and gas properties.

By a coincidence, WPB had just been joined by Edwin *Wells, an investment banker* who at Morgan Stanley had helped Belridge put together its package. Working with Robert Hauptfuhrer, senior vice-president for planning at Sun, Wells decided the best strategy was to gather information about Texas Pacific as quickly as possible (Seagrams had set up a data room, but other information was available too) and put together a bid before other would-be purchasers had time to move. The bid would have a highly attractive price tag, and would contain firm proposals to allow Seagrams to retain an *interest in the oil properties.*

WPB decided the package would also have to be backed by a strong public relations campaign to emphasise the high price being offered, and present it as what is known in the business as a "bear hug"—a firm written offer that the recipient is obliged by securities laws to disclose. All this would make it very hard for Seagrams to turn it down.

Ira Wender, president and chief executive officer of WPB, explains: "We did not want an auction either. We were concerned that different people might bid for different bits. So we were determined to put together an offer that would preempt all the others."

But just as the package was completed, Millard (who did *not know what Sun-WPB were* up to) went off to Rome for an Easter holiday. Undismayed, the Sun-WPB team piled on to a plane and tracked him down at his hotel where they presented him with the offer. Millard, who had said he could not accept offers until all the other would-be purchasers had time to get theirs together, was neverthe*less impressed by Sun-WPB's* persistence, and agreed (indeed was compelled) to announce the offer before Wall Street opened on the Monday.

There was one big condition to the Sun offer: that Seagram *accept it within five days* (with another 14 to clinch it), and that it shut the data room to the rest of the field. Effectively, Sun said: "Take it or leave it."

The announcement caused consternation among those *others interested, notably* Mobil, which had been stung by its failure to win Belridge and was determined not to let another prize slip through its fingers. Mobil hurriedly put a counter offer together, but it *was turned down by* Edgar Bronfman, Seagram's chairman, because it had too many loose ends.

Sun had won. But had it, in its eagerness to clinch the deal, given away too much? The price was certainly high, particularly given that the package included provision for Seagrams to retain a 25 per cent interest *in the producing properties and* 49 per cent in the exploratory properties, once Sun had recovered the cost plus an agreed return.

WPB agrees the price is "full," but insists this was *fundamental to the strategy.* It also says the financing of the deal has features which are much to Sun's advantage. Like Shell, Sun justifies its bid on the basis of the large amounts of oil and gas it expects to recover from the Texas Pacific properties. Sun also has the satisfaction of knowing that Mobil was prepared to bid an identical price and not *half* as much as it had for Belridge.

Clearly, the Belridge and *Seagrams deals are not directly* comparable. But some people believe they were more similar than they look. After all, Seagrams' strategy amounted to an auction insofar as several people were contacted and told that other buyers were interested. One person close to the deal even commented: "In fact, Seagrams held two *auctions: one for ideas on the* structure of the deal, and one on the price."

Sun-WPB's aggressive strategy is also an indication of what a determined bidder can achieve, even when the seller *is still uncertain about when* and how he wants to sell. Millard, a banker of no mean experience, commented: "I can't remember a deal of this order that went through so fast and so smoothly."

Ironically, Sun's success suggests that Mobil and Texaco might have done better with Belridge if they too had waded in with a "best shot" offer no one could refuse. As shareholders in Belridge, the two oil giants would have been well placed to act before any other would-be purchasers were fully aware of what was going on.

It is likely that this lesson has not been lost on Wall Street.

David Lascelles

Business courses

Word Processing Seminar, London. July 1. Fee: £75. Details from Conference Consultants, Freepost, Hillingdon, Middlesex UB8 3BR.

Finance for the Non-Financial Executive, Slough, Berkshire. July 7-11. Fee: £300 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

Trade Unions in the '80's—Challenge and Response, Henley-on-Thames. July 6-11. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU.

Micro Systems in Business, London. July 23. Fee: £65 (plus VAT). Details from Online Conferences, Argyle House, Northwood Hills, Middlesex HA6 1TS.

Manufacturing Management, Brussels. July 7-11. Details from *Management Centre Europe*, Avenue des Arts 4, B-1040 Brussels, Belgium.

Protecting, Exploiting and Managing Corporate Intellectual Property Rights, Egham, Surrey. July 15-17. Fee: £320 (plus VAT). Details from European Study Seminars, Kirby House, 31 High Street East, *Uppingham*, Leicestershire LE15 9PY.

Causes and Symptoms of Company Failure, Bradford, July 22-23. Fee: £120. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

Pensions — Design, Financing and Benefits, London. July 23. Details from The Registrar, Charterhouse Management Courses, 40 *Charterhouse* Square, London EC1M 6EA.

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Without prejudice

Could you please tell me, in a business document, just what do the words 'without prejudice' signify?

The phrase without prejudice is used to denote that the statements and/or proposals governed by that phrase are not to affect in any way existing disputes or claims between the parties and that the document so headed may not be used in judicial or quasi-judicial proceedings unless and until any offer contained in that document has been accepted unconditionally.

Maintenance contract

This company has a maintenance contract with a *lift* company for three lifts installed by that company. The contract *is an annual one running from* 1st October in each year, and provides for inspection once a month, a quarterly report and the carrying out of repair and maintenance indicated by the inspections. There is a rather *obscure reference to* "a pro rata variation" in the event of national or local wages agreements or other substantial variation in costs. Consequential increases are always revealed well after 1st October in any year but backdated to that date. In a letter dated October 31, 1979, warning was given of an increase which on January 31, 1980, was revealed *to be 28.9* per cent of which 26.2 per cent was stated to be "wage settlement." A protest was made that this was outrageous but the only reply was that the agreement was a "national agreement between the engineering employers' federation and the union concerned." Obviously one remedy is to terminate the contract and go elsewhere but enquiries show *that possible competitors are* following the same principles and will not quote a substantially different contract amount—and there are not many possible competitors in any case, so the problem is: can any action be taken (and if so, how) under the Fair Trading Act 1973 or the Restrictive Trade Practices Act 1976? Or can *pressure* be brought to bear in any other way?

The *statutes* which you mention will not avail. Your choice lies between renewing the con*tract each year or finding a* different maintenance company. However, it may be that the *increment now suggested is not* warranted on a strict application of the terms of the contract; in which case charges for past periods may have been overstated and might be recovered. If you terminate the contract you may be entitled to refuse to pay the increment but this will depend on the actual wording in your contract.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

A showcase for British medicine

BY DAVID FISHLOCK

A WHEEZE which is kicking around the Department of Health in London deserves wider discussion than just among doctors and a few civil servants. This is the notion of an "export hospital" in central London, as a showcase for British medical technology as well as a British-owned centre for treating the sick from overseas.

The idea is that the export hospital might successfully compete with the private hospitals, often foreign-owned, now doing such a good trade in London, treating wealthy patients from the oil-producing nations. At the same time it would be showing them, under very persuasive circumstances, the best in British medical technology, from life-support systems to "spare parts."

Small units

Medical technology is something Britain has been good at inventing but not often successful at selling. The industry, except for pharmaceuticals, is fragmented into many small units, some highly successful in a specialised corner but few of a size which can justify a major export drive. The National Health Service is too short of cash to be a generous patron of every promising new invention. Yet potential customers overseas invariably ask would-be exporters whether their wares are already being used in British hospitals, and are discouraged if the answer is no.

The most obvious form for the export hospital would be a joint venture of State and private-sector interests. The State would provide the hospital; several good ones in London are threatened with closure because of the city's dwindling population. The Westminster, for example, is both relatively new—1930s—and very central. The doctors, surgeons, radiographers, nurses, etc., would chose the technology. Private British industry would provide the equipment of their choice.

Its management would have to be strong and its objectives clearly defined. It would be competing not with the NHS but with private hospitals such as the Wellington, of worldwide reputation. There would be tough decisions to take, for example in choosing the "best buys" among rival British equipment; and still tougher ones when the experts find they must reject all British offers in favour of a foreign product, if they are to provide the best treatment available.

Such a venture, involving private risk capital to the tune of perhaps £5m or £10m, would need to be protected against "renationalisation" for doctrinaire political reasons. Many hospital consultants are totally against private NHS beds. Once the NHS had released the chosen hospital—a move which in principle needs nothing more than a Treasury minute — the private sector must be assured that it would require nothing less than an Act of Parliament to secure its return.

For industry's part the question is whether anyone has the cash and courage for such a risk venture. The hospital equipment industry spans a very broad spectrum of products from "disposables" and the paraphernalia of any hotel to very advanced electronic systems. Of its more profitable sectors, the British drug industry could undoubtedly afford the venture but its involvement in equipment is peripheral at present. Private medical insurance is another possible patron but its own worries about insulating itself from the financial risks of the more exotic form of medical treatment may be self-defeating for a showcase of this kind.

Vickers' claim

A third possibility is that the Government might make a deal with one company willing to put together a consortium of interests to run the project. Vickers, still claiming substantial reparations for the nationalisation of its ship and aircraft interests, and with a medical engineering division it wants to grow faster, is an obvious place to start.

The private sector, before risking its cash, would need to satisfy itself that this was not just a politician's ploy for extricating the Government from the embarrassment of having to close famous London teaching hospitals. If it could be satisfied, the export hospital could provide a cohesion of purpose among the firms with the best British medical technology that no amount of enthusiastic cajolery from within has succeeded in doing before.

The time for the cork to be drawn

WINE

BY EDMUND PENNING-ROWSELL

A PUZZLED question often asked about vintage wines is when will they be ready to drink? It is increasingly heard these days when the inability of merchants to afford to keep stocks of maturing wine almost indefinitely has obliged drinkers to acquire such wines early, even if still held in merchants' cellars.

Unfortunately, there is no exact time when a particular wine is at its best. Nor is this so regrettable, because one of the pleasures of drinking vintage, rather than non-vintage, wine is to observe its development.

Confidence

I sometimes admire the confidence expressed in wine merchants' lists with such comments as "keep another 18 months" or "drink in 1984." It is indeed useful to have some knowledgeable estimate of when a wine contemplated for purchase is likely to be reasonably mature; but there is no call to mark a date in next year's calendar, or to chart a critical path analysis for the next so-many years' drinking.

It all depends, too, on personal taste. In wine-producing countries, they tend to prefer young, vigorous wines. Some years ago I suggested to a leading Sancerre producer that his wine, with its distinct Sauvignon grape "cut," was rather "green" when first bottled in the spring following the vintage; and mellowed a little with six-months' bottle-age. Not at all, he replied: the wine was at its best in the January after the vintage!

The Italians, Spanish and Portuguese all tend to like their red wines with a certain "backlash" astringency. But the French say that while they drink their fine wines too young, the English drink them too old. If the former generalisation is almost certainly true, the latter is surely not correct today, if it ever was. For nowadays, when many wine drinkers do not have cellars, there are fewer old wines around outside the wine auction rooms. Moreover, commercial pressures encourage early drinking.

Yet most vintage wines of superior quality improve with keeping; white as well as red. For example, while German wines are often thought of as ready for drinking as soon as possible, estate-bottled wines of good vintages above the "quality wine" level certainly benefit from several years in bottle. The finer '71s, having shed some of their surplus sugar, are now drinking beautifully. So are the Kabinett '75s and '76s, yet the finer Spätlese and Auslese varieties have still room for development. But ordinary vintages, like '77 and '78, should be drunk.

The same considerations apply to white burgundies. All but the leading Chablis and Chalonnais wines, such as Rully and Montagny, are best when young and crisp, but the fine Cote d'Or whites develop both aroma and depth of flavour in bottle. Soon, if not already, the '78s will be available here, but it would be a pity to open such expensive wines before they are somewhere near their best, after some bottle-age.

Fine white bordeaux is often drunk prematurely. Yet Sauternes benefits greatly from some years in bottle, while the late Henri Woltner used to maintain that in good years his white Graves, Laville-Haut-Brion, should be kept for 10 years. The same would apply to Domaine de Chevalier, Haut-Brion Blanc and the small body of fine dry white Graves, but not to run-of-the-mill wines.

To forecast the development of many red wines is particularly difficult. The better the vintage, often the more the uncertainty. It is not hard to conclude that '73 burgundies and clarets are now generally ready for consumption, but when will this apply to the '76 burgundies and the '75 clarets? With burgundies the problem is accentuated by the wide variation in their production: some lightly vinified on the skins to make early-maturing wines, others left to gather more body and fruit.

The variations in the maturing of clarets derive partly from their origin, partly from their "class." The St. Emilions and Pomerols, made largely from Merlot grapes, develop more rapidly than the preponderantly Cabernet-based Médocs and Graves. Moreover everywhere the *petit château* wines come on more quickly than the classed growths. For example, many of the minor '76s are now very drinkable, but not the superior wines, comparatively "forward" vintage though it appears to be.

What makes clarets difficult to forecast is their tannic content. Tannin is a preservative, and the fact that there is much less in red burgundy accounts for its generally shorter life. But an imbalance of tannin in relation to fruit and sugar may result in wines that never entirely "come round." Among these must be counted the '52 Médocs, highly regarded initially. Also, although there have been some splendid '45s, others even at the top of the [illegible] succumbed to the hard tannin in the wines.

Although the '75s have been hailed as potentially great wines, some are so hard and tough that prophecies as to when they will be *à point* are very cautious. It would be hard to predict that by 1985 they will be ready under the traditional "10-year rule," by which fine claret can be broached without facing charges of infanticide. Nor would many claret amateurs suggest that the still closed-up '66s are quite ready to drink, or confidently predict how, after nearly 14 years, they will ultimately turn out.

Few Rhône wines are kept long enough, and for that reason mature bottles are not easy to find. There is nothing to be gained by keeping simple Côtes du Rhône longer than Bordeaux Rouge, but the tough, aggressive Châteauneufs need years in bottle to soften their asperities. So do the powerful, full-flavoured Hermitages, and Côtes Rôties. No-one with a fine '61 Hermitage in the cellar needs be in a hurry to draw the cork.

Beaujolais, too, can improve in bottle more than many Beaujolais Primeur enthusiasts would admit. It depends, of course, on the vintage, and how the wine is made, and applies only to the crus, Moulin-à-Vent, Morgan, etc. I recently drank a fine '69, and the '76s are big fruity wines. With some bottle-age these Beaujolais can develop a fullness approaching the quality of the Côte d'Or.

Development

Those afraid that they may leave their wines until past the best may take comfort from the truism that most quality wines last much longer than might be expected. If development in time of the maturing period cannot easily be plotted, once a wine reaches its peak it usually stays on a plateau for a considerable time, varying, obviously enough, with the kind of wine, and red longer than white. Thereafter, the descent is seldom, if ever, precipitous.

Far more good wines are drunk too soon, particularly in restaurants, than too late. So those of us able to guard our probably rare and certainly relatively costly young wines until they are ready should be encouraged to do so. But, of course, it depends on where and how a bottle has been kept before the cork is drawn.

Beware of Ascot's soft ground

RACING

BY DOMINIC WIGAN

THE RAIN last week having altered ground conditions dramatically and brought about going on the yielding side of good, backers are best advised to tread warily on this the first day of Royal Ascot.

For this reason I believe Dalsaan is best watched rather than backed at cramped odds in the day's feature event, the St. James's Palace Stakes. Although Lester Piggott's mount may have put up the most spectacular performance seen in Europe this year when alienating his opponent in Kempton's Heron Stakes, it is worth remembering that not only was that race over seven furlongs—a furlong shorter than today's trip—but it was run on much faster ground and on an easier course.

With far more testing opponents here, in such proven milers as Last Fandango, Final Straw and Posse—a trio closely involved in the Irish 2,000 Guineas finish—Dalsaan may need to be held up by Piggott if he is to oblige. That will be no easy matter for even the maestro's legendary strength failed to restrain the Aga Khan's colt at Kempton.

Forty minutes before the big mile event, Ela-Mana-Mou strikes me as a sound bet for the Prince of Wales' Stakes and considerably more in the nature of a "first day banker" (if there is such a thing) than Dalsaan.

After watching Kris get home in the Tote Lockinge at Newbury on May 17, Vincent O'Brien—viewing the televised race from the Curragh—commented: "That colt can be beaten this season." I do not know whether he had an animal in mind at the time, but it seems quite possible that he was thinking back to the seven furlongs Cold Shield Windows Trophy at Haydock, a fortnight previously, when his own stable's Habituate stayed on strongly, to finish a length second to Kris. This afternoon, Habituate racing over a furlong further in the Queen Anne Stakes, looks capable of getting Piggott off to another bright start as he bids to justify odds of 11-8 against him being top jockey over the four days.

ROYAL ASCOT

2.30—Habituate**
3.05—Ela-Mana-Mou***
3.45—Dalsaan
4.20—Motavato
4.55—North Forland
5.30—Taffy*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 1.30 pm The Flumps. 1.45 News. 2.00 You and Me. 2.15 Royal Ascot. 4.13 Regional News for England (except London). 4.15 Play School (as BBC2 11.00 am). 4.40 Jigsaw. 5.05 John Craven's Newsround. 5.15 Ask Aspel.

5.40 News.
5.55 Nationwide (London and South East only) extending to all regions at 6.20.
7.00 Wonder Woman.
8.30 Rings on Their Fingers.
9.00 News.
9.25 Nobody Asked Us: The Steelworkers' View.
10.15 International Match of the Day.
11.15 Golf: 1980 United States Open Championship.
11.55 Royal Ascot (highlights of the opening day).
12.10 am Weather / Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales — 5.15-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.15 Gair I gall with Hywel Gwynfryn. 7.40-8.30 High Chaparral. 12.10 am News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.15 pm Royal Ascot (continued from BBC1).
4.35 International Match of the Day.
6.40 Rugby Special: South Africa v The British Isles (highlights).
7.10 Swim.
7.35 Mid-Evening News.
7.45 One Hundred Great Paintings.
7.55 Out of Court.
8.25 The Philpott File: Inside a Multinational.
9.00 Spike Milligan in Q9.
9.30 The Enigma Files.
10.20 All Change for . . . Brighton.
10.50 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 11.55 The Undersea Adventures of Captain Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus Encore. 2.45 Charlie and Julie. 3.45 Tell Me Another. 4.15 Get it Together. 4.45 Extraordinary. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 European Football Championships.
9.30 Love Among the Artists.
10.30 News.
11.00 Creggan.
12.00 The Andy Williams Show.
12.25 am Close: Personal choice with Ivor Mills.

All IBA Regions as London except at the following times:

ANGLIA

12.30 am Against the Wind. 1.20 Anglia News. 2.00 Houseparty. 2.25 Chopper Squad. 3.20 Doctor Down Under. 5.15 Barney Miller. 6.00 About Anglia. 12.00 The George Hamilton IV Show. 12.30 am You Have A Minute Lord? with David Kossoff.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Survival. 6.00 ATV Today. 12.00 ATV Newsdesk.

BORDER

1.20 pm Border News. 5.15 Anna and the King. 6.00 Lookaround Tuesday. 12.00 Barney Miller. 12.30 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and weather. 5.15 Bailey's Bird. 6.00 Report at Six. 10.58 Channel Late News. 12.00 George Hamilton IV. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.40 am First Thing. 1.20 pm North News. 5.15 How's Your Father? 6.00 North Tonight and area weather forecast. 12.00 Reflections. 12.05 am Police Surgeon. 12.30 North Headlines.

GRANADA

11.50 am The Bubblies. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.30 Mork and Mindy. 12.00 Jazz Concert: Salena Jones Quartet.

HTV

1.20 pm Report West Headlines. 5.15 A Sight for Squaw Eyes. 5.20 Crossroads. 6.00 Report West. 6.30 Survival.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 11.00 Bywyd. 12.0-12.30 am World in Action.

SCOTTISH

1.20 pm News and road and weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 12.00 Late Call. 12.05 am George Hamilton IV.

SOUTHERN

12.30 pm Against the Wind. 1.20 Southern News. 2.00 Houseparty. †2.25 "Seven Days to Noon" starring Barry Jones. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day.

TYNE TEES

9.20 am The Good Word followed by North East News. 1.20 pm North East News and Lookaround. 5.15 The Electric Theatre Show. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.00 North East News. 12.00 Winners and Losers. 12.30 am Quiz of the Week.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The White Line. 6.30 Bygones. 10.59 Ulster weather. 12.00 Soap. 12.30 am Bedtime.

WESTWARD

12.30 pm Against the Wind. 1.20 Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.58 Westward Late News. 12.00 George Hamilton IV. 12.25 am Faith for Life. 12.30 West Country weather and shipping forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 12.00 The Pasadena Roof Orchestra.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Paul Gambaccini. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from Royal Ascot. 4.03 Much More Music (S) including 4.20 Royal Ascot. 6.03 John Dunn (S). 8.02 The Leading Ladies: Jessie Matthews (S). 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.02 Variety Club from Manchester, starring Peters and Lee. 11.02 Sports Desk. 11.10 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Court of Burgundy (S). 9.35 Peter Wallfisch piano recital, part 1 (S). 10.20 Interval Reading. 10.25 Recital, part 2. 11.10 Haydn and Dvorak chamber music concert (S). 12.00 BBC Welsh Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, part 2 (S). 2.10 Music for Tenor and Guitar (S). 2.40 Schumann chamber music concert (S). 3.25 Music at the Crystal Palace (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 Either I Sing or I Move: Opera singer, Nigel Douglas, discusses his profession (S). 8.00 BBC Northern Symphony Orchestra (S). 8.50 In Remembrance of Things Past. 9.25 Debussy (S). 10.00 The Piano Music of Busoni (S). 10.30 The Whole Weekend: story by Diana Melly (S). 11.00 News. 11.05-11.15 Holborne (S).

VHF only—Open University: 6.00-8.00 am and 6.20-7.00 pm, and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Little Dorrit (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Detective. 7.00 News. 7.05 The Archers. 7.20 Petain and the Vichy Regime: French people talk of the defeat, hostility and controversy of 40 years ago. 8.05 In Touch (Cataract operations). 8.30 A Bunch of Sweet Peas (1911 Daily Mail competition: a story). 9.15 Down the Garden Path. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

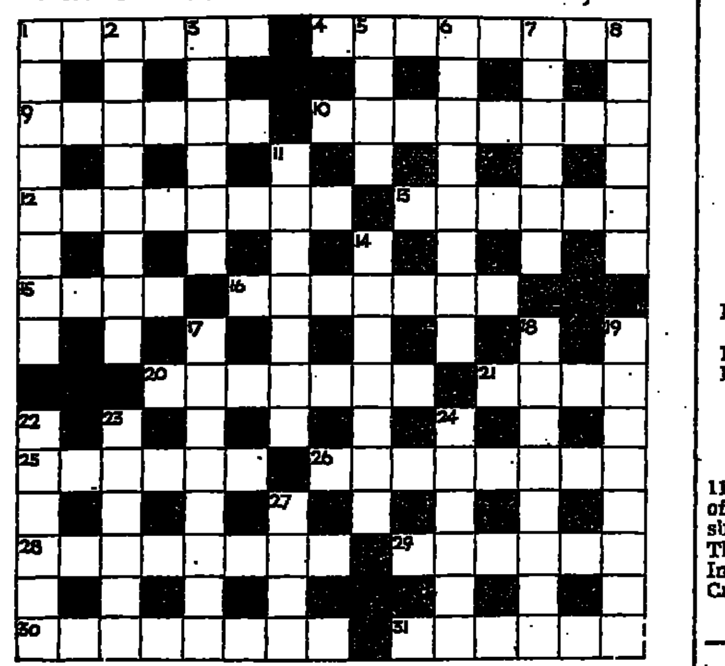
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron, including the AM Wine spot. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline with guest Alan Haines, Editor of The Angling Times. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,299



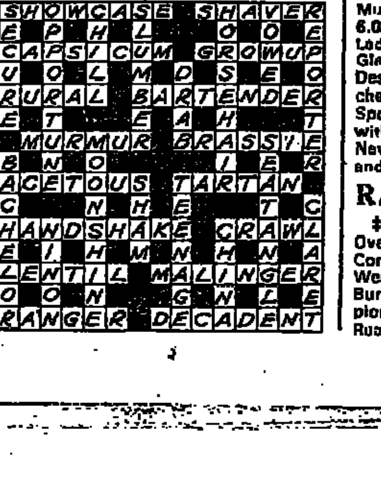
ACROSS

1 Ailment keeps a youngster inside a month (6)
4 Hang it! The good man has to phone (6, 2)
9 The best performance—make a note of it (6)
10 Fifty in dismissal for doing no work (8)
12 Speed with strange love to town (8)
13 Get the college fellow about me to behave (6)
15 Old Punch line to those contemplating marriage (4)
16 Produce an effect with claim to be in Fleet Street (7)
20 There is one of these in town and at Lords (7)
21 "And that —— Prius nuisance who just now is rather rife" (Mikado) (4)
25 Married woman includes one number for those under age (6)
26 Died in fairy outhouse (8)
28 His growl upset one in the chorus (8)
29 Reduce Bible portion in the canton (6)
30 Brunette of the sonnets (4, 4)
31 Tribes from Rhodes (6)

DOWN

1 Mother was ecstatic over one little coin (8)
2 John's surname hinted at limited estates (8)
3 It's dreadful to go to court—straight it is (6)
5 Told by shepherds and those who are not truthful (4)
6 Profit—it means you can't be stumped (8)
7 Employed by tourists, joined by girls (6)
8 Heathens opening up with a short reply (6)
11 Thwarted—illegally, according to the R & A (7)
14 A castle in Norfolk? On the contrary! (7)
17 Crazy gear with nearly everyone in song (8)
18 Wealthy Scotsman needs a penny in Surrey (8)
19 Stupid object, inferior (8)
22 Medusa possibly, but not Victoria (6)
23 Oddly not what belongs to us during a trip (2, 4)
24 Playwright makes good with ancient emperor (6)
27 Urge the village to arise (4)

Solution to Puzzle No. 4,298



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. NUREYEV FESTIVAL until June 21: ROMEO & JULIET. June 24 to July 1: DON QUIXOTE. July 2 to 5: HOMAGE TO BALANCHINE. Evs. 7.30. Reduced price Mats Sat. & June 28 at 2.

COLISEUM. Credit cards. 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. 1980-81 season opens July 31. Bkg. from July 7. Subscription Bkg. 01-836 2699.

COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL OPERA. Ton't & Fri 6 pm Parsifal. Tomor & Thu 7.30 Simon Boccanegra. Wed & Sat 7.30 La Bohème. 65 Amphi seats avail for all perfs from 10 am on day of perf.

GLYNDEBOURNE. 0273 812411-813424. With the London Philharmonic Orchestra. Until August 11. Sold out — possible returns only. Tonight, Thurs. & Sat. 5.30: Falstaff. Tomor. 5.30 Sun. 4.30: Die Zauberflote. Fri. 5.30: Die Entführung. Train departs Victoria 2.52 pm.

SADLER'S WELLS THEATRE. EC1. 837 1672. CC. 837 3856-7505. Until July 5. Evgs. 7.30. Mat. Sats. & June 27 at 5 & 8.30. AMERICAN DANCE SEASON. Until Sat.: ERICK HAWKINS DANCE CO. Ton't. & Thurs.: Agathlon. Plains Daybreak. Parson Weems and the Cherry Tree. Tomor.: Early Floating. Lords of Persia. Greek Dreams with Flute. Cantilever. June 25 to 28: DANCE THEATRE OF HARLEM. June 30 to July 5: MERCE CUNNINGHAM AND DANCE CO.

THEATRES

ADELPHI. CC. S. 01-836 7611. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thurs. at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS & ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. S from 9 am 01-836 3878. CC 379 6565. Group bkgs 836 3962. Evs. 7.45. Mats. Thurs. & Sat. 4.0 Air Cond. OLIVER! CHILD FREE with ADULT.

ALDWYCH. S. 836 6404. CC 379 6233. (10-6. Sats 10-4). Info 836 5332. Fully air conditioned ROYAL SHAKESPEARE COMPANY. Low price prevs.: Part 1: Ton't. tomor. Then Thurs Part 2: Wed. Then Fr., 7.00. The Life and Adventures of NICHOLAS NICKLEBY by Charles Dickens. The two parts are designed to be seen in sequence, but can be enjoyed as a separate work. Dickens' masterpiece follows the fortunes of Nicholas and his sister Kate through the swiftly changing England of the 1830's. RSC also at The Warehouse and Piccadilly Theatres.

AMBASSADORS TH. 836 1171. From 24 [illegible]

[illegible]

OLD VIC. 928 7616. June 3-21. STEP NOTES AND SQUEAKS. Marius Goring. Robert Helpmann. Svetlana Beriosova. Anton Dolin. Evgs. 7.30. June 24-July 19. Bristol Old Vic Company. A MIDSUMMER NIGHT'S DREAM. Save 25 pc on 6 great plays.

OPEN AIR REGENT'S PARK. CC S. 486 2431. MUCH ADO ABOUT NOTHING with Annabel Leventon, Gary Raymond, Bernard Bresslaw. Evgs. 7.45. Mats. Wed. Thurs. & Sat. 2.30. MEET MR. MACREADY with Frank Barrie, lunchtime today 1.15.

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PALACE. S. CC. 01-437 6834. From Sept. 17 RODGERS & HAMMERSTEIN'S OKLAHOMA!

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I. Also starring Virginia McKenna. HOTLINE 01-437 2055. Evgs. 7.30. Mat. Wed. & Sat. 2.15. Some good seats avail. for Wed. mats.

PHOENIX. S. CC. 01-836 2294. Bookings 01-836 8611. Opening June 18 at 7.0. Subs. Evgs. at 8.0. Mats. Weds. 3.0. Sats. 5.30 and 8.30. Special low prices—limited season only. ROYCE RYTON & PAUL JERICHO in THE OTHER SIDE OF THE SWAMP by ROYCE RYTON. Directed by JOAN KEMP-WELCH.

PICCADILLY. From 9 am 437 4506. CC Bkgs. 379 6565. Grp. Bkgs. 836 3962. Fully air conditioned. ROYAL SHAKESPEARE COMPANY in two smash-hit productions. Ton't, Tomor. 7.30. Thur. (low price mat.) 2.30 & 7.30. Hart & Kaufman's "spectacular Hollywood extravaganza." E. News. ONCE IN A LIFETIME with 3 award winnings perfs. from Carmen Du Sautoy, Richard Griffiths and Zoe Wanamaker. "Must be seen if only to be believed." S. Times and Pam Gems' adult play PIAF (next perf. Fri.). PIAF plays Fri. thru Wed. alt. wks. all other perfs. LIFETIME. RSC also at Aldwych and Warehouse Theatres.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mat. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales Box Office 379 6061.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An evening with TOMMY STEELE and his company. Evgs. Mon. Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book now.

QUEEN'S. CC. 01-734 1166. Evenings 8.0. Wed. 3.0. Sat. 4.30 and 8.0. Tom Courtenay. Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott.

RAYMOND REVUEBAR. CC. 01-734 1593 [illegible]

[illegible]

CINEMAS

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. [illegible]

[illegible]

ODEON LEICESTER SQUARE [illegible] The STAR WARS Saga continues with THE EMPIRE STRIKES BACK (U). In 70mm and Dolby Sound. Sep. progs. Drs. Open Dly. 12.00, 3.45, 7.30. All Seats May Be Booked in Advance At Theatre Box Office Or By Post.

ODEON MARBLE ARCH W2 723 2011-2. KRAMER Vs KRAMER (A). Sep. progs. Drs. Open Dly. 1.15 (not Sun.), 4.15, 7.45. Eve. Progs. & Weekends May Be Booked in Advance.

PRINCE CHARLES. Leic. Sq. 437 8181. Mel Brooks BLAZING SADDLES (AA). 2.10, 5.40, 9.10. MONTY PYTHON AND THE HOLY GRAIL (A). 3.55, 7.25. Late Show Fri. & Sat. 10.55. Cont. Daily. Licenced Bar.

STUDIO 3. Oxford Circus. 437 3300. Lic'd Bar. THE DEER HUNTER (X). 12.45, 4.05, 7.30. Late Show Sat. 10.50

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ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. 629 6176. THE PORTRAIT SURVEYED—British Portraiture 1670-1870. Until 1 August. Mon.-Fri. 9.30-5.30. Thurs. until 7.

ANTHROPOS GALLERY, 65-67, Monmouth St., Upper St. Martin's Lane, WC2. Tel: 836 8162. Open every day. Tribal & Ethnic Arts, Sculptures, Paintings, Masks. Africa, New Guinea, India, Eskimo.

BROWSE AND DARBY, 19, Cork Street, W1. English and French Drawings and Steinlen Drawings until 5 th July.

DAVID CARITT: JACQUES VILLON. Cubist Prints. See Lumley Cazalet.

ROY MILES, 6, Duke Street, St. James's. VIVA VICTORIA. Exhibition of 19th Century Paintings. Monday to Friday 10-5. Saturday 10-1.

FINE ART SOCIETY, 148, New Bond St., W1. 629 5116. The Art of Frank Brangwyn.

KENNETH NEAME GALLERY, 25, Brook Street, W1. Tel: 629 0445. Exhibition of Bronzes by Diana Guest. June 4th to 20th.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. An Exhibition of EDWARD BURRA. Paintings from America. Mon.-Fri. 10-5. Sats. 10-1.

LUMLEY CAZALET & DAVID CARRITT. JACQUES VILLON MASTER PRINTS: Belle Epoque 1900-1908 at 24, Davies Street. Mon.-Fri. 10-6. Thurs. 10-7. Tel: 01-499 5058. Cubism 1909-1921 at 15, Duke Street, St. James's. Mon.-Fri. 10-5. Tel: 01-930 8733. Until 11th July.

MALL GALLERIES. The Mall, SW1. PORTRAIT PAINTERS — Royal Society's 88th Annual Exhibition. Mon.-Sat. 10-5. Until 19 June. Adm. 50p.

MARLBOROUGH GALLERY, 6, Albemarle Street, W1. BILL JACKLIN recent paintings. Mon.-Fri. 10-5.30. Sat. 10-12.30.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Summer Exhibition of 19th Century "Artists of Arabia." Mon. to Fri.

NICOLA JACOBS GALLERY, 9, Cork St., W1. 437 3868. John Carter, constructions until 5 July.

SKIPWITH GALLERY, 5, Parchment Street, Winchester. Tel: 2911. Marine Exhibition. 13th June-3rd July.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of Old Marine, Military and Sporting and Topographical Prints and Paintings and Ship Models.

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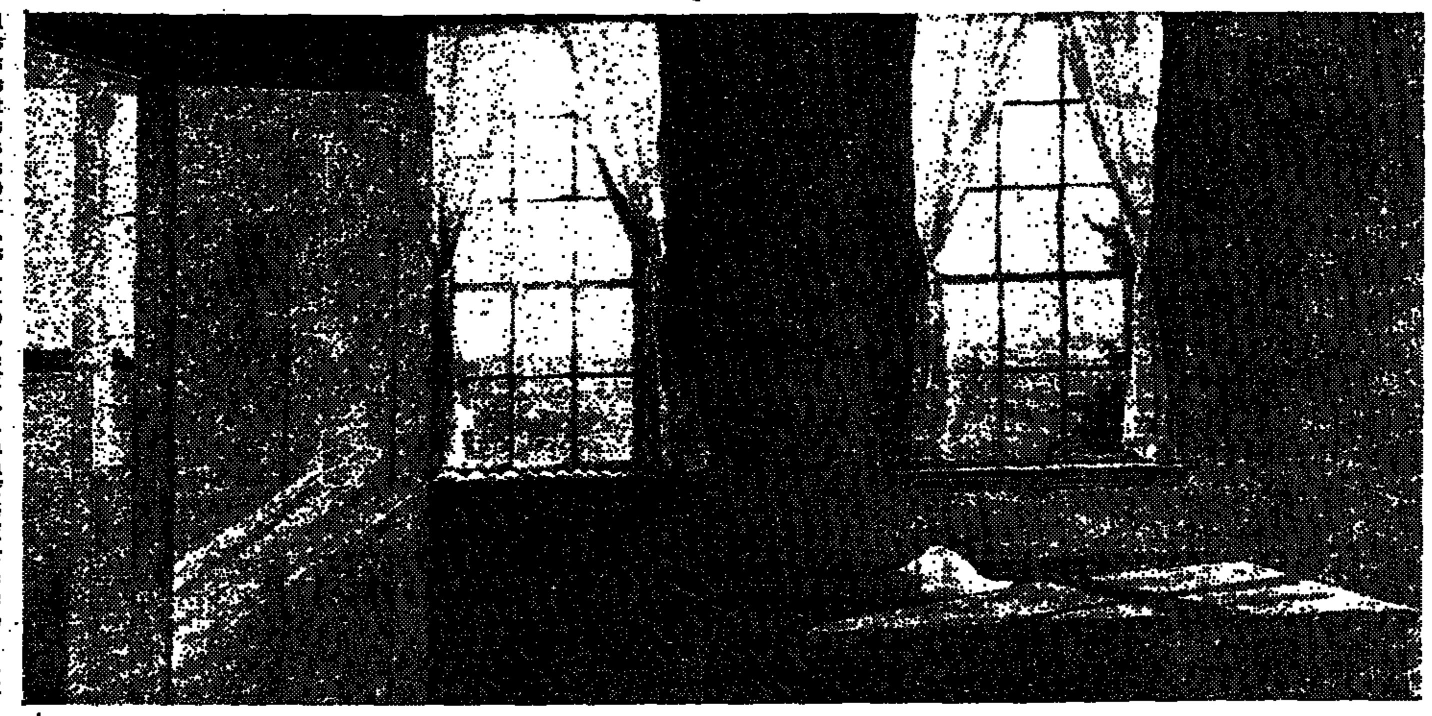
THE ARTS

Royal Academy/Agnews

Andrew Wyeth

by DAVID PIPER



'Her Room'—eloquent stillness and emptiness

Andrew Wyeth, at the Royal Academy till August 31, arrives with the somewhat perilous description of being "America's most popular painter." I take it to be accurate, and it is perhaps one reason why London, its critically fashionable galleries washed through over the last 30 years by the tide of revolutionary American abstraction, has remained ignorant of his *painstakingly literal figuration.* And yet one Wyeth image must be known in reproduction to thousands of British people, though few till now could have named the artist. An image of such formidable potency that, once seen, it is unforgettable. *Christina's World* is that vision of a woman (young girl?), seen from the back, lifting herself on her hands as she lies at the bottom of a rising slope of brownish prairie grass: her attention seems directed at the steep-roofed wooden house silhouetted on the rim of the hill above. It is a simple image, this, summarily indicated in words; in the paint it is almost intolerably fraught with the sensation of longing, of loneliness, of emptiness, of striving against almost insuperable difficulties. And that for many people before they discover the girl is no young girl, but a middle-aged woman — one who Wyeth has painted many times —and that the physical reason behind the odd pose, awry in the grass as a bird with a broken wing—is because she has been crippled since childhood by polio.

As sharp an image as one could wish for, or be repelled by, of the Human Condition, yet its specificness as also the portentiousness of its implications are not blatant and are not sentimental. No other image of Wyeth's has such universality. I must be excused for drawing attention to it, for it is not in the Academy exhibition — perhaps now already too precious to travel?—but I do so to signal who Wyeth is. In fact, maybe just as well it isn't there; it would absorb too many people's interest to the detriment of what is there, and much of what is there is no less successfully realised though the impact on the emotions may be less emphatic.

Wyeth's America is a rural America of almost archaic quality—the grass, dried brown and brittle rather than green and lush: battered clapboard houses standing about lonely in the fields, sometimes abandoned. Bare scrubbed wood interiors, full to overflowing with emptiness and silence, the austere furniture elegant, well-worn and expectant yet ominous. An even, unemphatic light that is yet astringent, of the marine or the plain; the colour range tends to dun, almost dour, brownish *rather than green; earth colours,* scrubbed wood colours. No sky is blue, or at best only glimpsed so; normally filmed with grey cloud. The texture can be almost leathery, worked in the matt subdued medium of tempera, or in drybrush watercolour dragged over and through washes. The scrutiny thus recorded is close, endlessly patient, and with equal emphasis across the whole picture surface. It all sounds a bit dour, perhaps especially in context with the gold and white carved and coffered ceilings of the Academy's private rooms, wherein the pictures hang.

The ingredients may indeed be dour, the effect is the reverse —at its most successful, tingling, electric. The intensity with which the physical world is transmitted by a scrupulously accurate and minute technique (his favourite painting is said to be Dürer's *Hare)* but the literal technique can produce a transcendental image. There is almost always some strangeness of proportion and quite often of scale; some exquisitely calculated asymmetry, in terms of which very everyday, worn (even worn-out) objects—boots, pails, people even—become charged with a force as if in *the accumulating, hugely quiet* tension before a thunderstorm breaks. The crest of a slope, high up against a narrow sky, can become the rim of the world. The tension—one hesitates to call it surreal with the chatter of Dali almost audible from down river at the Tate—suggests the supernatural, but is most convincingly achieved when entirely natural—in the bellying out of a thin curtain from an opened window: in the blaze of a single lit window in a house in the dusk; flank of a barn and gable end against the sky.

The more overtly spooky pictures can verge on melodarma—*The Witching Hour*, for example, brilliantly painted as it is, with the flaring candles reflected in the window panes against the bluish dusk beyond: *almost Gothic horror* novel. I prefer the eloquent stillness and emptiness of *Her Room: a fragile room in a* fragile wooden beach house, yet articulated with that elegance *of plain proportioned woodwork* and window pane; a shell rests on the table, and the room is *as fragile and void as the shell,* and as full as the shell with the unheard rumour of the sea. Wyeth is still only 61, and—in spite of a long backlog of ill-health—obviously going strong. *Sea Boots*—a Maine shoreline equivalent of *desert pyramids* and camels—posits two worn-out thigh boots standing at the *foot of a triangular gable, and* was painted in 1966: it makes among other things a marvellous poster. Nor is Wyeth necessarily dour: *The Virgin*, a nude of a 15-year-old girl, a lyrical affirmation of life, almost incandescent, is of 1960; its male counterpart, *The Clearing*, was finished only last year.

Maybe Europe is now ready to discover the pre-abstract art of America, still generally classified as provincial variations on European traditional styles. Edward Hopper for example—with some qualities akin to and admired by Wyeth —should cause a stir. I suspect in contrast with Wyeth or Hopper, the critically fashionable surrealists, even the admirable Duane Hanson whose 3-D facsimiles of the tourist couple have just enlivened the Tate, might find themselves in danger of looking merely fashionable, in contrast.

*

Round the corner at Agnews (till August 1) a very different *experience. The Portrait Surveyed* provides an encapsulation of the history of British portraiture *from the mid-17th* century to the mid-19th—from Lely (in sumptuous if fairly routine Restoration full figure form) to that most delicate, elegant and sensitive of followers of Sir Thomas Lawrence, Mrs. Margaret Carpenter (by whom notably three small-scale head-and-shoulders that are the most seductive in the show). On the way, Gainsborough, Reynolds, Wright of Derby, Romney, *Lawrence himself,* are worthily represented. The Gainsboroughs include a brilliantly fluent characteristation, relaxed yet alert, of Mr. Joshua Grigby in the mid-1760s, but even more *attractively an earlier lady, one* Elizabeth Uvedale, in the late 1750s, very upright but looking out at *the young man she has* permitted to paint her portrait with benign assurance; she has an astonishing green ribbon at her throat. There is one tremenous Reynolds, of a Viscountess Dudley, 1763, formidable in her robes as a woman-of-war dressed for battle; one imagines members of her family saluting it daily as they passed through towards breakfast. There is an outstanding Romney, painted with his usual panache, but with an unusual solidity combined with *subtlety of character:* a fairly massive and prosperous Scotsman, but with a hint of melan*choly in the lips and the moist* dark eyes. He is not quite what one would expect, and yet com*pellingly credible; he is James* MacPherson, alias Ossian, whose poems—forgeries, pastiches?—*lit the imagination of romanti*cism all over Europe, even Goethe's, even, more strangely, Napoleon's.

Warehouse

Educating Rita

by MICHAEL COVENEY

The RSC Warehouse is revealing an unhappy knack of eliciting bad plays from good young playwrights. A policy of good intentions is not enough. An imperfect large-scale play by Barrie Keeffe was recently ruined *in production.* Now we have a predictable two-hander from Willy Russell, one of the new Liverpool school, who wrote a fine comedy last year and the hit show about the Beatles in 1973. In between, he has written for TV and the Liverpool Everyman. He needs encouragement on big stages, *and a flop at* the Warehouse like a hole in the head.

Even though plotting has never been Mr. Russell's strong point, I think of his work as Alan Ayckbourn with a hairy chest and a hang-over. Shooting his blowzy *Liverpudlian line* this time is a 26-year-old frustrated housewife seeking escape *through* the Open University Where the playwright is most sympathetic is in his passionate enunciation, through Rita, of education as a fundamental human right, at least in our comparatively developed society. It is refreshing to hear something like this stated with authenticity and not plastered with *fake fantasy tricks.*

Rita's Svengali is an alcoholic redbrick English lecturer who admires her instincts in preferring Harold Robbins to E. M. Forster but teaches her to write essays in the hollow academic style he despises himself for propagating. This area of the piece is truthfully handled by Mr. Russell, an ex-teacher, but the point is laboured through a series of confrontations that begins to wear thin as soon as Rita starts asserting her cultural self-awareness. She is breathless after a performance of *Macbeth* and more or less gaga after a few late-night sessions discovering Blake. Sporting a silk shawl after the interval and proud of the fact that she has spoken to some real students, Rita, in *short, is not a very convincing* product of the Welfare State's valuable contribution to cultural and social mobility.

Rita's solution to the problems of staging *Peer Gynt*—"do it on the radio"—could apply to the *play itself. It has little dramatic* invention or momentum and is not helped by a faceless characterisation of the lecturer by Mark Kingston. Julie Walters, however, is tremendous as Rita, supplying her own magnetic field which she confidently occupies with a carefully controlled but seemingly impetuous series of physical gestures and pent-up energy. The director is Mike Ockrent, a director who should be doing weightier work with the RSC and pushing Mr. Russell into larger areas, not confining *him to the unambitious studio* format.

Leonard Burt

Julie Walters and Mark Kingston

Business sponsorship of the arts

It is widely believed that industry *spends between £4m-£5m* a year sponsoring the arts in the UK. This is the figure quoted by the Association for Business Sponsorship of the Arts, reached on the basis of admittedly skimpy research, and reiterated, with some hedging, by Mr. Norman St. John Stevas, the Minister for the Arts, last week when he announced the formation of a committee pledged to double the expenditure within a year through an energetic propaganda campaign.

Now comes evidence that the Minister's committee faces an even greater task. Three masters degree students at the London Business School have produced a comprehensive and well-argued paper which suggests that business gives no more than £2.5m a year to the arts, or £2.8m if donations for capital projects are included. The total was calculated by discovering *what the 1,000-client* organisation of the Arts Council received additionally from business, supplemented by a questionnaire to 100 leading companies. There may be some seepage in the total—donations to local arts festivals, for example may have been missed—but it does seem that industry helps the arts much less than had previously been thought, and that the Government's aim of creating two paymasters, one public, the other the private *sector, has a long and arduous* task ahead of it. A. T.

Festival Hall

Mozart's Requiem

by ANDREW CLEMENTS

Sunday night's Festival Hall concert was to have been conducted by Eugen Jochum, but in his place Rafael Frühbeck de Burgos took charge of the Philharmonia Orchestra and Chorus. Conductors are a *strange breed, with ways one* cannot always fathom; Mr. Jochum had planned to give us *an evening of Mozart,* beginning with symphony no. 38, but this was changed to Haydn's fourth symphony, "Le Matin." I cannot believe that Mr. Frühbeck does not have the Mozart symphony in his repertory; why then ask the orchestra instead to get up a tricky, relatively unfamiliar piece of early Haydn, demanding the most eloquent and polished solo playing and the neatest of instrumental dovetailing?

In the event the symphony passed off with better finish than one might have expected, though one or two members of the orchestra appeared to be peering very closely at their solos. The orchestral complement was kept small and the effect was almost lithe and fresh; though too much briskness in the outer movements robbed them of a lot of their grace. The main business of the evening, however, remained *the same.* Mr. Frühbeck has long kept Mozart's Requiem as one of his specialities; in the 1960s he recorded it with the (then) New Philharmonia. His is an interpretation that offers most in the more vivid passages—at the opening of the *Dies Irae* and the *Confutatis*, and in the grander fugal sections which close the opening and closing movements.

But where greater plasticity is required, where phrases must be moulded and finished off, this performance lapsed into routine. There seemed to be problems whenever movements ended quietly; the orchestra would have benefited from more attention from the conductor in a number of passages. The *soloists—Helen Donath,* Alfreda Hodgson, Robert Tear and Gwynne Howell—were equally variable, though Miss Hodgson sang with exactly the rounded contours which much of the performance otherwise lacked, providing noble openings to the *Recordare* and the *Benedictus*. But it's difficult to forgive any performance of this Requiem that can make the *Lacrimosa* sound so mundane, even if only the first *eight bars are actually* Mozart's.

Tel Aviv/Jerusalem

Gregory Allen

by DOMINIC GILL

The Artur Rubinstein International Piano Master Competition was judged this year for the third time in Tel Aviv—and for the first time without the master himself on the jury, although he appeared at the subsequent Concert of Laureates to distribute the prizes. In Israel, music-lovers take their *competitions seriously*—and also (as they take their music generally) with a great deal of personal involvement and high spirits. At least 1,000 more people than there were tickets available beseiged the Mann Auditorium on the evening of the competition's final round; and the faces of those left outside bore expressions not just of disappointment, but of the most graphic fury and despair.

I have always had doubts about the real value of music competitions — and expressed them several times on this page. The very premise is of course essentially unreal. Above a certain level, there are no "better" performers, just as there are no "better" composers: only different ones. And, more important, by what criteria are the "lesser" judged —by the plain virtues of brilliant efficiency, ease and conventional approach, the music-teacher's (for competition juries are traditionally composed completely of teachers) dream? Or by the more subtle *and* controversial virtues, much less palpable of definition, of originality, poetry, eloquence and fire—the thorn in the easy scheme of things, the music-teacher's nightmare? There is ever the chance that competition juries will play safe, and allow the evidently attractive and competent to pass in place of the real, dynamic and dangerous (but by its nature also fallible and vulnerable) talent.

But there is no doubt that a good competition can be exciting; and in an atmosphere of such public commitment and interest as was to be found in Tel Aviv, it can be more exciting still. In its repertoire the Rubinstein is possibly the most exhaustive, and the most taxing, of all piano competitions. By the time a contestant—the very word has a more challenging ring than "entrant" or "candidate" reaches the final round, he or she will already have played 16 different works in two recital programmes of more than two hours' duration *and* a concerto with orchestra: the final round itself is another concerto chosen from a possible list of 18.

By the time I arrived in Israel, three of the four stages had been judged, and 46 contestants reduced to three. The climax had come; but temperatures had already run high. There had been passionate argument in the foyers, cafes, and already in the newspapers, as to the merits and demerits of this penultimate grading; and *at an earlier stage, a petition* had been got up and publicly circulated by some members of *the audience protesting at* the exclusion of one young English pianist, Christian Blackshaw, who had for some reason (explanations differed widely) captured the heart of the crowds.

Such controversy is all to the good—and serves its purpose *splendidly to emphasise that in* a competition there is never just one, "right" decision. But I will admit that in my cynicism, after hearing the three finalists play their concertos—two performances of Rakhmaninov's Third, and one of the Chaikovsky—I thought I knew exactly which pianist the jury would choose. Jeoffrey Tozer (b. 1954) from Australia, who played the Chaikovsky, was a capable and worthy young pianist; but he was clearly not quite in the same league as *either* the Englishman Ian Hobson (b. 1952) or the American Gregory Allen (*b.* 1949). Hobson played his Rakhmaninov like a Golden Boy: the fingers could do no wrong; the music flowed from first to last with marvellous ease. The performance was in every note a music-teacher's dream *par excellence:* brilliantly assured—and strangely unmemorable.

Gregory Allen's account of the same Rakhmaninov concerto, on the other hand, was less reliable: quirky, powerfully original, often wildly unpredictable—and absolutely gripping. It had, especially, the most remarkable command of the idiom, *capturing, without a* trace of overstatement, all the massive currents of nostalgia and *melancholy and bittersweet* jubilation of the music. It was not merely a technically *proficient,* but also a technically adventurous, performance: a huge canvas of flashing colours and sudden surprises, unexpected conversations—made without whimsy or indulgence, held very true and firm. The decision of the jury—the spirit of Rubenstein must have hovered somewhere in the wings—to award the first prize to Allen was surprising and gratifyingly "right."

Two days later, he was invited by the Jerusalem Symphony Orchestra under *Mendi Rodan—who had together* been the competition's excellent and patient accompanists—to play Beethoven's Emperor concerto at their Independence Day concert in the Jerusalem Theatre. He was clearly tired: in the circumstances he could hardly have been less. But the performance was anything but routine — and never content with the easy, obvious gesture: to every movement he brought *clarity* and quiet insight, authority and excitement. His Emperor was impressive; but his short solo encore, of Brahms's E major Intermezzo op 116, a tender song of resignation, was the purest magic, and whetted the appetite greatly for a solo recital. Allen has not yet played anywhere in Europe; he must come to London soon.

Museum of the Year award

The Natural History Museum *in London has been chosen as* Museum of the Year for 1980. The contest is sponsored by The Illustrated London News and National Heritage, and the museum received £2,000 and The Illustrated London News trophy, a porcelain sculpture by Henry Moore.

The result was anounced in London yesterday by Lord Charteris of Amisfield, chairman of the Trustees of the National Heritage Memorial Fund, who presented the award to Dr. R. H. Hedley, director of the British Museum (Natural History).

An award of £1,000 for excel*lence within the field of fine* art, sponsored by Sotheby's, was *given to the Sainsbury Centre* for Visual Arts at the University of East Anglia, Norwich. Another award of £1,000, sponsored by Imperial Tobacco for the best small museum, was given to the North Holderness Museum at Hornsea, in North Humberside. A special award, sponsored by Sotheby's, was won by the Manchester Museum for its Mummy Project, a temporary exhibition.

The Captain Cook Birthplace Museum at Middlesbrough and the Battle of Britain Museum at Hendon were highly commended. Both will receive £500 from The Illustratd *London News.*

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‡ Call deposits over £1,000 15%.
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LEGAL NOTICES

IN THE MATTER OF ALAN NEDAS SPORTSWEAR LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 21st day of July, 1980, to send in their full *Christian and surnames, their addresses* and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Stephen Daniel Swaden, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 10th day of June, 1980.

S. D. SWADEN, Liquidator.

DARYLL SPORTS (MANUFACTURING) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at *the offices of Leonard Curtis & Co.* situate at 3/4 Bentinck Street, London W1A 3BA, on Monday the 23rd day of June 1980 at 12 midday, for the purposes provided for in Sections 294 and 295.

Dated the 9th day of June, 1980.

A. MILLER, Director.

PUBLIC NOTICES

SEVENOAKS DISTRICT COUNCIL

£320,000 Bills offered 11.6.80 for payment 16.6.80 due 15.9.80 at 16. Applications totalled £1.92m. *No other Bills* outstanding.

COMPANY NOTICES

OLC

US$30,000,000

ORIENT LEASING (CARIBBEAN) NV

(Incorporated with limited liability in the Netherlands Antilles)

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Unconditionally and irrevocably guaranteed, jointly and severally, as to payment of principal, premium, if any, and interest by:

Orient Leasing Co., Ltd. and The Sanwa Bank, Ltd.

The temporary Global Note was exchanged for the definitive Notes on 9th June, 1980 at the offices of Morgan Guaranty Trust Company of New York in accordance with the terms of issue.

COPENHAGEN TELEPHONE CO., INCORPORATED

EUA 20,000,000 9½% 1975/1985 BONDS

Pursuant to the provisions of the Purchase Fund notice is hereby given that nominal UA 163,000 have been purchased for the Purchase Fund during the twelve-month period commencing May 28, 1979.

Amount outstanding: EUA 19,837,000

COPENHAGEN TELEPHONE COMPANY, INCORPORATED

June 17, 1980.

CHILEAN EXTERNAL LONG TERM DEBT
Law No. 8962

MUNICIPALITY OF CONCEPCION
5½% LOAN 1928

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above loan for June 1980 bonds for a nominal amount of £500 have been drawn for redemption.

The following are the numbers of the bonds drawn for redemption at par on 30th June 1980 after which date all interest thereon will cease.

5 bonds of £100 nominal value each = £500

1163 1179 1441 1456 1482

These bonds should be presented at the London Offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 30th June 1980 otherwise the amount of *the missing coupons will be deducted* from the principal moneys.

CHILEAN EXTERNAL LONG TERM DEBT
Law No. 8962

CITY OF ANTOFAGASTA
5% LOAN 1914

NOTICE IS HEREBY GIVEN that for the *Sinking Fund of the above* loan for June 1980 bonds for a nominal amount of £1,000 have been drawn for redemption.

The following are the numbers of the bonds drawn for redemption at par on 30th June 1980 *after which date* all interest thereon will cease.

10 Bonds of £100 Nominal Value each = £1,000

38 325 331 342 348 360
366 372 969 1173

These bonds should be presented at the London Offices of Lloyds Bank International Limited listed on the appropriate forms and must bear all coupons subsequent to 30th June 1980 otherwise the amount of *the missing coupons* will be deducted from the principal moneys.

FINANCIAL TIMES

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Tuesday June 17 1980

More signs of UK recession

THE STRIKING improvement in the UK current account for May is the expected pattern in a recession, and indeed the 5 per cent drop in import volume is perhaps the strongest evidence yet of the pace at which recession is now getting a grip of the UK economy. The celebration which continued apace in the securities markets is, however, a paradoxical way to mark a deep recession. Although it is true that recession promises certain notable consolations, in terms of interest rates and the rate of inflation, the celebration may prove premature.

Unambiguous

The trade figures, at least, are unambiguous. The £32m current account surplus is the first positive figure which has appeared in eight months, and is itself an understatement of what happened to the underlying trend in May. Had it not been for the steel strike, the surplus would have been more than £100m bigger, according to the official estimate; and in addition, the more erratic items — which are on average in broad balance — reduced the underlying surplus by another £70m.

Even allowing for the dangers of reading too much into a single month, and for the fact that import volumes are likely to recover somewhat when stocks have been reduced, the improving trend in unmistakeable. There is little comfort in the export figures, which remain flat, but industry can draw some consolation from the performance of sterling. The pound did not rise on the unexpected trade improvement; manufacturers can still hope that falling interest rates will ease foreign exchange pressures on their margins.

It is, of course, the hope of falling interest rates which is inspiring the stock markets; but here greater caution is in order. As the Prime Minister has recently emphasised, interest rates will not be allowed to fall until there is clear evidence that the Government's monetary objectives are being achieved. The recent news on the monetary front, unfortunately, has been poor, and there may well be more bad news to come before the tide turns.

Indeed, even the trade figures have their bad side. The banking figures last week were accompanied by an official estimate that the money supply had grown by 2 per cent in May, and the trade figures may suggest part of the reason. The money drained out of the economy through a weak current account has in fact been helping to reduce the growth of the money supply for many months; and if recession is appearing most dramatically in an improvement in the current account, it will not have much effect on the money figures. Nationally, we are borrowing less, but spending less too.

The market may well feel that in spite of this, the boom in sales of Government stock must be mopping up surplus money; but not even this is certain. The most aggressive buying last week is reported to have come from foreign—and notably American—buyers, and the British institutions joined in to some extent against their better judgment. It must be remembered that sales to foreign holders of sterling balances, and to British banks and discount houses, do not affect the money supply; it may be some time before the stock is sold on to British non-bank investors, to produce the figures the Government is waiting to see.

Meanwhile, there are other adverse forces at work. Government disbursements still appear to be abnormally large, to judge by money market conditions; and tomorrow the banking "corset" will be abolished, which may add as much as 2 per cent to measured monetary growth.

Tangled story

This tangled story suggests a number of morals. The first is that the official measure of money, Sterling M3, is defined in rather an unfortunate way. Because it is so sensitive to the balance of payments, and in addition has been distorted by official controls, its growth is likely to appear excessive for some time after other measures of money and credit growth are falling as a result of recession. It may be helpful to give more attention than before to alternative measuring rods.

The second moral is that monetary control on any definition becomes a problem when it relies heavily on sales of securities which appeal strongly to foreign and financial investors. The Government is already testing some alternatives—such as the mobilisation of private capital for energy investment. It should try harder. Misleading technicalities should not be allowed to rob the economy of the meagre consolations of what threatens to be a very painful recession.

What to do with coal

IT IS THE misfortune of Britain's coal industry that it is capable of stirring deep political emotions. In this afternoon's parliamentary debate on the Coal Industry Bill, it is all too likely that both the Government and the Opposition will spend more of their time trotting out doctrinaire hobby-horse than thinking constructively about the long-term future of what will be Britain's most important energy industry in the next century.

The Goverment's exclusive preoccupation with making the National Coal Board break even by 1983-84 — a target which seems unlikely to be attainable on present trends in demand, output and prices — is matched by the Labour Party's even more single-minded desire to preserve at all cost the worked-out puits which largely account for the coal industry's uncompetitive prices and continuing losses.

Subsidies

The Government's determination to eliminate the NCB's operating and regional subsidies by 1983-84, from a level of £255m in the last financial year, imposes a very tight timetable on the financial turnaround which the industry should undoubtedly be required to produce once the benefits of its current investment programme start to emerge. Unfortunately progress on the Plan for Coal, drawn up in 1974 to revive the industry, has slipped well behind schedule, partly because of planning delays. It is now expected that the target of 135m tonnes originally set for coal output in 1985 will be attained only by the end of the decade. Since the new mines being opened under the Plan for Coal are planned to produce, on average, four times as much coal per manshift as existing collieries, these delays are bound to have an enormous impact on the NCB's financial performance.

Until the new mines, and the 87 existing collieries which are being expensively but slowly mechanised and refurbished, begin to make a substantial contribution to coal output, management will have only two options in striving to meet the Government's break-even target. It will either have to accelerate the closure of uneconomic pits or to raise prices.

The Government has pointedly refused to give any indication of whether it expects the NCB to bring forward its programme of pit closures. Indeed, it has even asserted that "there is no question of a closure programme or a list of collieries which are to be closed." It has simply stated that it is for the Board to decide how to turn the industry around within the Government's framework.

The Board would certainly like to close pits more rapidly than was acceptable to the Labour Government and the generous transfer and redundancy terms provided in the Coal Industry Bill should assist them in doing this. However, the Board is also anxious to maintain the improvement in its relations with the National Union of Mineworkers, and not to run down its manpower too rapidly, in view of the future need for miners to work in the new and expanding collieries.

Relative costs

The Government should understand that the tighter financial disciplines it is imposing on the nationalised industries generally, and the coal industry in particular, will only succeed in improving efficiency and aiding Britain's economic recovery if the cost of these disciplines is not passed back to the consumer. In the case of coal, a Government policy which encourages over-pricing would be particularly damaging. Decisions on energy use which will be made on the basis of relative costs of coal, oil and gas over the next few years will have major long-term consequences for Britain's energy needs. If coal is to become established in the next century as Britain's main industrial fuel and if its possibilities as a gas and oil substitute and as a chemical feedstock are to be fully exploited, it must retain, and preferably widen, its price differential relative to oil. The Government must beware of the temptation to squeeze Britain's biggest energy asset for maximum short-term advantage.

Industry is in two minds about the policies Mrs. Thatcher is pursuing. **John Elliott** reports

Some will take the medicine but none like the taste

THE PRIME MINISTER sat in the Boardroom of one of her Government's more successful state-owned shipbuilders, hearing at length about how high exchange rates were crippling the yard's export efforts. She eventually responded by asking her surprised and horrified hosts whether they couldn't offset the costs by buying more for their ships from abroad.

This story of Thatcherite industrial economics was told after her visit to Austin and Pickersgill on the North-East coast and is now being re-told by industrialists as an example of how innocent and ignorant the Government is about industry and the economy. It is helping to sow the seeds of possible eventual revolt among some of the Prime Minister's loyal voters in the top echelons of industry, where there is already mounting concern about the impact of the Government's policies.

"There is a real danger of running industry down so much that it won't recover," one company chairman, a life-long Conservative, told me. "If we go to 2½m unemployed, we'll not solve the problems in the way the Government hopes, but will create others. The line must be softened a bit so that one keeps one's industrial core as a spring board for recovery. Our assets are not only our machine tools valued at a few million pounds but our skilled workers who are scarce enough and who won't return once they've been sent away."

> 'There is real danger of running industry down so much it won't recover'

After the euphoria of the first months of Conservative rule, many such people are now openly wondering what they let themselves in for when they enthusiastically helped the Government to power 13 months ago. They complain that there was nothing in the general election manifesto about removing the country's industrial base. Some are so disillusioned that, when asked how they would vote if there were another election tomorrow, can only mutter unhappily about the impossibility of supporting "the other lot."

Yet the Prime Minister and the economic hawks in the Cabinet need not panic. Despite all the clamour from the CBI and some individual company chairmen about the crippling impact of high rates of interest and exchange, and despite the growing tide of bankruptcies and redundancies, there is still considerable support among many middle and top managers for the pressure on industry to be maintained.

The loudest cries of protest inevitably come from those companies which have been hardest hit by government policies. Elsewhere initial questions reap outspoken answers about how interest and exchange rates must come down immediately. But gradually, as one's conversation becomes less formal and the question is repeated and discussed, many managers admit that the Government's policies are helping their efforts to improve efficiency.

Some industrialists say that they, and the managers for whom they are responsible, feel stronger because their own status has been improved since the change of Government and because trade unions are demoralised. Economic realities are beginning to be understood in some companies, and overall the climate is right for labour forces to be slimmed down and economies introduced.

While this view is not held by everyone, it is sufficently widespread for the Government to continue to stand firm on its policies for a little longer—maybe till the autumn. But this is conditional—so senior managers say—on their feeling that they have an understanding and sympathetic Government. They want more finesse than Mrs. Thatcher showed in the shipyard boardroom and they want to be reassured that the Government will relax the presure on companies by lowering interest rates before too much permanent industrial and social damage is done. They also want more help, including some form of trade protection, when doing busines abroad, and many would like the Government to "stop playing cricket and learn to bend the rules," of EEC trading.

These impressions have been built up during conversations with a wide range of industrialists, and especially during a four-day tour of the north-east which has always been one of the country's most depressed areas but which now presents the visitor with some glimpses of potential prosperity, despite the troubles of the steel and shipbuilding industry and despite unemployment rates approaching 20 per cent.

Indeed, some of the brightest spots in the north-east are the shipyards where managers and workers have looked over the cliff-edge to industrial oblivion and are now working together to try to win orders, to improve productivity and to secure themselves a future. Whether they will succeed is still an open question because they are suffering from a number of problems including the uncompetitive exchange rate, declining State aid, limited industrial investment, stricter financial limits, and a lack of Ministry of Defence orders, as well as the world-wide merchant shipping recession.

But a visit to a shipyard is no longer the depressing ritual of the past when one was regaled with warring tales from different groups of workers and management. Now a visitor is sometimes told about the overbearing head office of British Shipbuilders or about unsympathetic Ministers. But, basically, managers and workers approve of their present nationalised existence, realise they must combine to fight for the preservation of jobs, and argue about their differences in a constructive atmosphere.

"We're beginning to realise we need each other, that we can't go it alone any more," a shop steward from the elite boilermakers' union told me at Sunderland Shipbuilders.

The shipbuilding industry has been facing its own problems, including its world-wide recession, for some years. However, other industries are only just beginning to experience such severe pressures and the potential seriousness of industrial depression has struck home hard during the past few weeks. Business results and forecasts studied after the end of the first quarter of the year spelt out the message when there was little recovery after the steel strike (which is still having quite serious effects on production in metal using industries, particularly because of shortages of special steels).

"We expected a gradual slope downwards in demand but we suddenly hit a bloody precipice, with de-stocking by customers and by customers' customers providing the final crunch," said one production director. "People realised that demand and prices were not going to rise in the second quarter and we won't know the possible depths of the recession till the de-stocking ends, probably in September."

But companies with long-term contracts, like process plant manufacturers and specialised engineers, are somewhat cushioned from such dramatic impacts and can also enjoy the protection of progress payments on contracts. This enables someone like Mr. Bill Smart, chief executive of Whessoe, to be outspokenly loyal to Mrs. Thatcher because his company, despite considerable problems, is cushioned by £80m worth of nuclear power orders in the UK. "You're ducking the issue if you call for protection from realities of the exchange rate. If high interest rates are an essential part of making the medicine stick, then we must have them, even though it's having a dreadful effect." But he still wants the Government to be cautious and not create "so high a death rate that she has to do a U-turn."

But, as indicated earlier, not all managers are as trustful of Government policies. A CBI activist with a profitable and buoyant medium-sized specialised engineering company, said: "We are very good internationally, but now risk being damaged by the policies. I'm not sure that's worth it if too much damage is done. Without asking for a U-turn, there ought to be some adjustment." He is Mr. Ian Bonas, chairman of Bonas Machine Tools. He added: "Done in a balanced way I think it's OK. But less action is needed on monetary policy and more on cutting public sector pay and spending."

> 'We are very good internationally but risk being damaged'

A north-east company displaying a specially optimistic front is Northern Engineering Industries, which has undergone considerable changes since it was formed three years ago from a merger of Clarke Chapman and Reyrolle Parsons. After shedding some 4,500 workers in the past couple of years, it is likely to make a further 1,000 redundant soon, mostly in the north-east and the Midlands. But Mr. Terry Harrison, managing director of its engineering company, is proud of the way NEI has reorganised itself, introduced new products to replace dying lines, and improved its production techniques, thus helping it to survive.

But NEI is anxious to build a buoyant image and is more confident than most. Many companies tell stories of their suppliers and subcontractors going out of business. "Every couple of weeks we hear of a smallish, old-established company going down, sometimes because of the exchange rate, or because of its borrowings — or, sometimes, because of unfair EEC competition," said one chief executive.

At the other end of the spectrum Mr. David Brown, the outspoken founder of DJB Engineering and a strong critic of both the Government and CBI said: "The Government's policies, and the CBI's silence for most of the past year has helped to kill off good companies. One local business of 500 people making garage equipment with good products and management has closed when it shouldn't have had to."

He argues that such closures are especially damaging because of the wasteful management energy and time taken in founding companies from scratch.

However, the chairman of another engineering company said: "Some quite good companies are uncharacteristically desperate," adding that companies in the south seem specially gloomy and prone to retrench by slashing stocks, cutting purchasing, and avoiding any fresh investment. Another successful company talked about having to cut its essential research and development because of the costs of the exchange rate.

An example of a company which has adjusted itself in the light of government policies is ICI. Its petrochemicals division at Wilton, on Teesside, has been particularly hard hit recently. It will probably be raising its level of redundancies from 4 per cent to 10 per cent a year in some areas. Such companies adopt strict policies in times of recession, concentrating on achieving the minimum cost of production instead of paying for continuous output. Increased efficiency is achieved through making better use of existing plant rather than by investing in new plant.

Many companies are cutting their overheads as well as labour, and one hears constant reports of all non-productive expenditure being examined, including staff perks and company cars.

Some cuts in overheads and labour are voluntary, but others in smaller companies are caused by the exchange rate making certain lines uncompetitive. Companies are increasingly pulling out of certain markets, refusing business opportunities, in orders to be able to cut profit margins on other orders. One company told me that because of the exchange rate, its prices were now 10 per cent above its European competitors whereas two years ago they were about 20 per cent less.

It is the exchange rate, rather than interest rates, that is directly quoted by many companies for causing problems. Most say that a figure a shade either side of $2 would be tolerable. One or two companies add that, whereas they thought $1.95 to be the lowest bearable figure a few months ago, they now feel they could manage just above $2. All want interest rates to come down, most naming a level of 10 per cent when asked to pick a figure.

> 'Government policies have helped kill off good companies'

Companies know, however, that it could take a long time to reach such ideal levels. They realise that they face a gloomy future. Some are even making special provisions in financial plans for a possible shutdown next winter, believing the Government may well have a confrontation with a public sector group like the miners.

In such a situation, a percentage point or two off interest rates is unlikely significantly to alter companies' prospects. Mrs. Thatcher's problem, as she debates the pros and cons of such a cut, is that industry is beginning to doubt whether she and her colleagues fully comprehend the industrial consequences of the policies they are pursuing.

MEN AND MATTERS

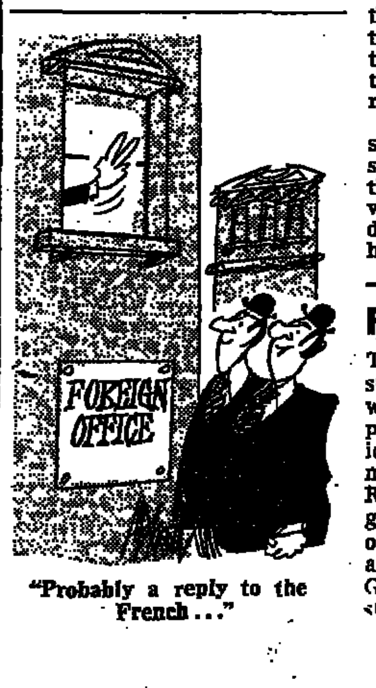
Set them up, Joe

Rudolf's Reviver, although not an official entry in my City Cocktail competition, is an interesting blend of champagne, passion fruit juice and orange bitters which will no doubt be served in large quantities at The Viceroy in Mincing Lane on the morning of July 1. Concocted in the seventies by Viceroy landlord Joe Gilmour, the drink was invented to help refresh metals traders following the London Metal Exchange's annual dinners.

The occasion, this time, will be the aftermath of what promises to be a substantial celebration in the Mansion House on June 30 in honour of Freddy Wolff, who is celebrating his fiftieth year in the London commodity markets. Guests have been summoned from round the world and the Square Mile to pay tribute to Freddy, gregarious chairman of the metals firm, Robert Wolff, and true doyen of the trade.

In such august surroundings it is unlikely that the 69-year-old Wolff will be able to sport any of his favourite, somewhat brash, ties. Indeed, more fitting would be the gold medal he collected from Hitler at the 1936 Berlin Olympics as a member of the British 400-metre relay team.

Chairman of the all-powerful LME committee for seven years from 1970, he still sits on the Committee on Invisible Exports. He is, however, at last thinking of slowing down, and is expected to give up the full-time chairmanship of his company after the exchange's next annual knee's-up (which coincides with his birthday) on October 14.



"Probably a reply to the French ..."

Self-defeating

"Excuse me," said an earnest young man at a colleague's door. "I'm from the Young Liberals, I'm collecting old newspapers."

"Come in," beamed the householder—renowned at the office for being swept off his chair by the occasional avalanche of papers and hand-outs. "We have tons of the things."

Overwhelmed by the offer, the caller demurred, explaining that the collection was intended to protect the environment through recycling as well as to raise funds.

"I have only a small car, you see. I would have to make several trips and on balance I think all the exhaust fumes would probably mean I was doing the environment more harm than good."

Fallen star

The people of the South Indian state of Tamil Nadu may have won a chief minister, but in the process they have lost a matinee idol. I hear that the hero of more than 150 films, M. G. Ramachandran, whose state government was voted back into office at the recent elections after being dismissed by Mrs. Gandhi, is giving up the sound stage.

The 63-year-old heart throb, never seen in public without a fur hat and dark glasses, was a politician by day and actor by night in less nerve-wracking times. Now, he says, with masterly understatement, he will not have time for films. The theatrical accessories stay, however, to ensure that the electorate recognise him when they see him.

Standard reply

"Do you think," Energy Minister Norman Lamont was asked at a Stockholm conference yesterday, "that the strength of opposition to nuclear projects is roughly proportionate to a country's standard of living?"

Such a relationship, Lamont riposted, would certainly explain two things: why the anti-nukes were so vocal in California and why they were so peaceable in England.

Club change

Why are they so touchy at the City of London Club? First I had a disgruntled member about women being allowed in during normal club hours, and when I inquired further I had secretary Paul Merritt doling out a thinly-veiled warning should I be tempted to use "terms inappropriate to what we expect from your paper." The club is not, after all, the first nor last bastion to give ground under social and economic pressure.

Now in the final throse of most splendid refurbishment, this Cit ystronghold finds itself in need of extra regular income to keep up standards, and is taking cautious steps to see what can be done without stepping on the toes of traditionalists, or delving too deeply into the pockets of existing members.

With 860 paid-up members paying £230 for entry to the inner sanctum plus £195.50 a year subs, Merritte is tentatively trying to attract more City company principals. There is not, however, much room for manouvre, since club articles state that membership must be limited to 1,000.

Commercial affairs, like a Press party thrown by Valor last week (which occasioned the complaint about women being admitted) have become common in clubland.

Last week's affair at the City of London was only the second since the policy was adopted to allow suc things. "I was not aware we caused any offence. It was a very quiet, impeccably dignified occasion of the sort people normally associate with Michael Montague," said the host, Valor's colourful chairman.

Mahjong mania

Canton, or Guangzhou, as the Chinese call it, has become a sink of decadent ideology, a left-wing Hong Kong paper reports. And for once the depravity of Western culture cannot take all the blame. Pornography and pop music borrowed from Hong Kong are partly responsible but by far the most corrupting influence is the ancient Chinese game of mahjong.

The story sounds like a Victorian melodrama. Families are ruined, the paper says, careers lost and crime is encouraged. One young fellow ran a gambling dive at home, lost more than £30 (nearly three months' wages) sold his wedding present to pay his debts, fell out with his mother-in-law, and now his wife wants a divorce.

Lifter lifted

From the newsletter of those High Street vigilantes, the Association for the Prevention of Theft in Shops: "A man acquitted of shoplifting recently was arrested as he left the court and charged with stealing a juror's coat."

APARTHEID AND THE EMPLOYER: BY QUENTIN PEEL IN JOHANNESBURG

Why business wants reforms

THE DECISION of the South African Government to borrow from the international capital market for the first time in four years—indeed for the first time since the outbreak of the Soweto Riots on June 16 1976—could scarcely have come at a more surprising moment. It was announced two days after the sabotage attack on an oil refinery and two Sasol synthetic fuel plants.

Undoubtedly, the moment was deliberately chosen by Senator Owen Horwood, the Minister of Finance. He was keen to prove that international confidence in the strength of the South African economy, as shown by the successful floating of the DM 120m (about £29m) loan in Frankfurt, outweighed any renewed political fears for the country's future.

The confidence of the international financial community mirrors a similar bullishness among South African businessmen. The Sasol sabotage, and the past weeks of school boycotts by African, Coloured (*mixed race*), and Indian pupils leading up to the anniversary of the Soweto riots, have caused little more than a hiccup on the Johannesburg Stock Exchange. That barometer continues to follow the international bullion price more closely than any political events.

Nevertheless, there is gathering underlying concern, at least in the upper echelons of the business community. In the first place, there is a recognition that the settlement in Zimbabwe and the resurgence of unrest will once again focus international attention on South Africa. The revival of interest *in Britain in the EEC Code of* Conduct for South African subsidiaries has been one indication. The decision of the British Government not to publish the names of 33 British-owned companies paying wages below subsistence levels probably had the opposite of the effect intended of attracting attention to them.

In spite of enjoying a reputation of being more progressive than the successive National Party Governments of the past 30 years. The South African business community remains very conservaive. The reaction of the South African manager of one U.S. subsidiary to the latest unrest—"I am too busy running my business to pay attention to school boycotts"—is widely shared. However, since June 1976 consensus has been growing that business must play a more active role, not only in promoting better employment conditions, but also in attempting to improve the quality of life in South Africa's generally squalid and sprawling black townships and impoverished tribal homelands.

That concern has been expressed in two main ways: in a *growing acceptance and proliferation* of employment codes and secondly, in the creation of a major organisation, the Urban Foundation, entirely financed by the private sector to improve conditions in urban areas.

There is little doubt that the major factor behind the growing acceptance of codes of conduct for employers has been the appreciation that they can be used primarily as a means of protecting investments in *South Africa rather than merely* to improve conditions. "The codes are capable of taking the heat off," according to the chairman of an oil major. (Like executives of many other foreign companies, he was not *prepared to comment on the* record.)

Whereas the fear of international pressures, including the *campaign for international* companies to pull out of South Africa is an obvious reason for employers to do something for their blacks, there are others which go deeper. In the first place, there is a clear desire to head off any further revolts on the scale of the Soweto riots. Second, there is a recognition that continuing economic growth can only be achieved by the training and use of skilled black labour, which means the abandonment of traditional job discrimination, and radical improvements in black education.

"We are committed to these policies because enlightened business is totally opposed to discrimination, and because we need to achieve faster economic growth," Mr. Reinald Hofmeyr, executive director of the Barlow Rand group, South Africa's largest industrial group, said. Enlightened self-interest is clearly the name of the game. "If you want to continue operating in stable conditions, you must do something to avoid a revolution," the chief executive of a U.S. computer company said.

> **If you want to continue operating in stable conditions you must do something to avoid a revolution....**
>
> **Computer company executive**

But if it is now accepted that business should in some form give advancement to the blacks, its form is still the subject of bitter debate. The EEC code, for example, sets out minimum wages, trade union recognition, phasing out of migrant labour, equal pay, desegration of facilities, and improved fringe benefits, as the areas for corporate action. Of those, minimum wages and trade union recognition are the most disputed.

"Setting a standard minimum wage for all industries creates absurd situations," the oil company excutive said. "You cannot afford to employ school-leavers. You fight shy of employing black women. And you stop employing illiterates.

The minimum wage guideline is also criticised for its effect on employment levels—that it simply gives companies an incentive to invest in capital-intensive processes when South Africa needs labour intensive industries to provide work for its growing labour force. But at the same time the guideline has brought benefits to individual companies such as stabilising the workforce. "Recruitment has to be much more selective. We have categorised jobs much more clearly, and generally raised the quality of the labour force," Mr. Derek Jacobs, managing director of Metal Box of South Africa, said. "Better wages mean less labour turnover."

South African companies have avoided any suggestions of *paying minimum wages, concentrating* rather on the question of equal pay for blacks and whites. Barlow Rand, for example, has set an equal pay target, but allows each of its 250 companies to set its own pace. "We have one company which plans to introduce a single wage curve in one step this year," Mr. Hofmeyr said. "They employ 3,000 workers and it will cost them R1.5m a year."

The question of desegregating facilities is one with which most *foreign companies* do not quarrel, though to do so may well mean contravening existing South African law. However, enforcement of such regulations as those requiring separate toilets for black and white are only sporadically enforced. "Industry can do a hell of a lot," Mr. Jacobs said. "We never say to ourselves that we can't because of the law. But you have to be careful to take all your employees along with you."

Indeed, there is an increasing number of examples where companies, or the business lobby, have managed to overcome or ignore statutory restrictions. The Urban Foundation, backed as it is by the whole spectrum of Afrikaner and English-speaking business, has been particularly successful in building black training facilities in urban areas, and not in the tribal homelands as apartheid ideology would dictate.

In spite of individual successes, there is growing concern about the slow overall process of change. The latest flurry of unrest is partly a reflection of the failure of the benefits of economic expansion to percolate through to the black communities, and a failure of the Government's talk of reform to make any material difference *to the lives of ordinary blacks.*

The Urban Foundation has now switched its tactics from a low-profile promotion of good *works in black townships* to a more public espousal of change in government policies, such as a universal system of education *for all* race groups.

"We think we can cope with a faster rate of change," the oil company executive said. "It is essential for business to take the lead. It is important that Mr. Botha, the Prime Minister, should realise that the business community is ready for change."

But if business criticises Government for dragging its feet, the opposite is also true. Government spokesmen say the business community complains about the lack of skilled workers, *but has shown no sign* of inundating government with requests for black advancement. Mr. Fanie Botha, Minister of Labour, said that so far only 50 applications had been approved to indenture black apprentices, but business had not lodged any appeals at the slow progress.

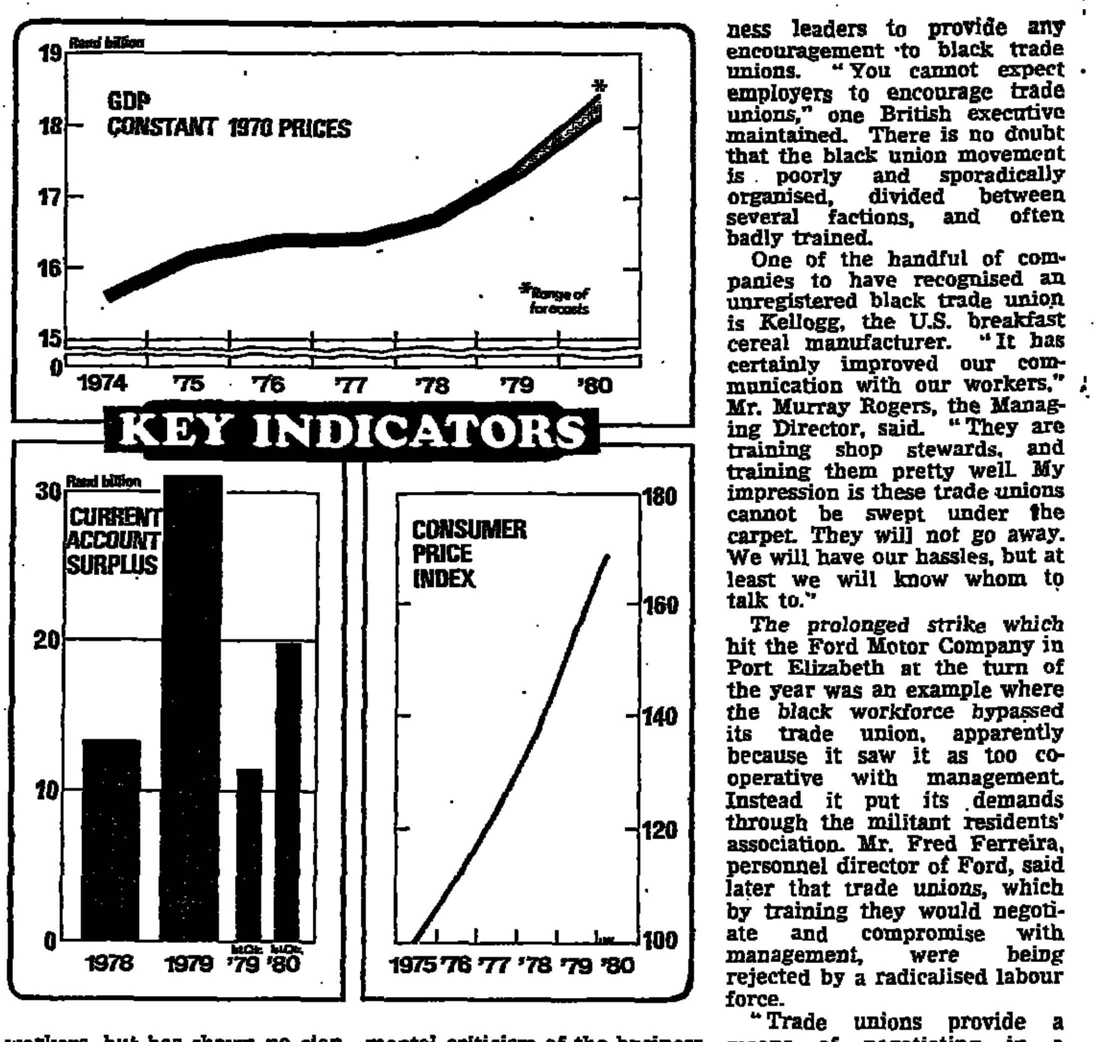
Perhaps the most fundamental *criticism of the business* community is that it is following an essentially conservative, paternalist course in its attempt to gain wider credibility among blacks. "We do tend to decide what the good works should be," Mr. Hofmeyr said.

One reflection of that attitude, at least in black eyes, is the continuing refusal of business leaders to provide any encouragement to black trade unions. "You cannot expect employers to encourage trade unions," one British executive maintained. There is no doubt that the black union movement is poorly and sporadically organised, divided between several factions, and often badly trained.

One of the handful of companies to have recognised an unregistered black trade union is Kellogg, the U.S. breakfast cereal manufacturer. "It has certainly improved our communication with our workers," Mr. Murray Rogers, the Managing Director, said. "They are training shop stewards, and training them pretty well. My impression is these trade unions cannot be swept under the carpet. They will not go away. We will have our hassles, but at least we will know whom to talk to."

The prolonged strike which hit the Ford Motor Company in Port Elizabeth at the turn of the year was an example where the *black* workforce *bypassed* its trade union, apparently because it saw it as too co-operative with management. Instead it put its demands through the militant residents' association. Mr. Fred Ferreira, personnel director of Ford, said later that trade unions, which by training they would negotiate and compromise with management, were being rejected by a radicalised labour force.

"Trade unions provide a means of negotiating in a society where confrontation is increasingly becoming the norm," one unionist said. "If we become discredited, then confrontation may be the only alternative," or, as the oil company executive said: "There is an increasing attitude in the black community that it is too late for paternalism."



Letters to the Editor

Air traffic staff

From the President and General Secretary, Eurocontrol Branch, European Public Service Union

Sir,—Mr. Alasdair Hutton (June 10) suggests that the possibility of industrial action on a European scale by air traffic control staff is a drawback to a unified European ATC system. This argument implies a misunderstanding of the views of the Eurocontrol Staff Union which we would like to correct.

The Eurocontrol branch of the European Public Service Union has continually called upon the member states of Eurocontrol to embody in the amended *convention a centralised* function for the planning and development of the future European ATC system which must be binding on national administrations in order to achieve "a unified air traffic control system in Europe." This does not preclude control centres; implemented in accordance to a common plan, from being operated by national staff. Indeed, this union has stated publicly that it recognises that certain states may wish, for political, security or other reasons, to continue to exercise the executive function of air traffic control and we are not in principle opposed to this.

We would like to suggest that, as well as reducing the effects of industrial action by ATC personnel in Europe, which has unfortunately become more prevalent in recent years, one should also attempt to reduce or eliminate its causes. It is necessary to recognise the unique character of the ATC profession and the demanding requirements placed upon those who exercise it. This should be reflected *in the status accorded* to the profession and the pertaining condition of employment. The "tools" with which the controller is expected to perform his task must be the best and most reliable available. All too often the controller already working in a high stress environment, is expected additionally to compensate for deficiencies in the system. It is perhaps significant that Eurocontrol controllers, operating one of the most advanced systems in the world, and proud of the service they provide to aircraft operators who generally acknowledge it to be amongst the best available, have never resorted to industrial action.

Irene Gubin
R. C. G. Jenyns.
1040 Brussels,
9 Rond Point Schuman,
Belgium.

Rediscovering the circle

From Dr. F. Heller

Sir,—In your issue (June 12) you devote considerable space to the analysis of Japan's superior industrial practices in the motor car industry. Apparently Ford Europe has recently discovered "quality control circles" in Japan and is now committed to involving 140,000 European shop floor employees in this method.

In comparing the greatly superior Japanese productivity you rightly deduce that this is not entirely due to special cultural differences or unusual trade union co-operativeness. *In* my experience, a critical difference between Japanese and European motor car manufacturers is the latter's lack of interest in new ideas. This is *particularly serious in the field* of personnel practices.

I hold in my hand a book called "Three Studies in Management." On pages 122-124 it describes some very successful group-based quality control methods from which later quality circle operations developed. I have seen these methods successfully used in a *variety of industries* in California as long ago as 1967.

Dr. Frank A. Heller.
The Tavistock Institute of Human Relations,
The Tavistock Centre,
Belsize Lane, NW3.

British fleets

From the Managing Director, Swan National

Sir,—I would like to take this opportunity to comment on the report (June 13) by Mr. Arthur Sandles entitled "Keeping *Godfrey Davis British.*"

An otherwise excellent article totally spoilt by its omission of a company that is: probably larger than Godfrey Davis and Avis and certainly larger than Hertz; the largest individual purchaser of Ford passenger cars in Britain; 100 per cent British owned and has a stronger growth record than any of the companies mentioned above. This company is Swan National.

For the record, our short term rental fleets peak at over 8,000 vehicles, plus a further 5,000 vehicles on longer term contract hire.

F. H. Aldous
Swan National
305-307 Chiswick High Road, W4

Tax on bank profits

From the Head of the Public Policy Group Inter-Bank Research Organisation

Sir,—"Unadventurous, Mr. Lawson," says Anthony Harris (June 12) *of the Financial Sec*retary's failure to be convinced of the case for a special tax on bank profits. "Unconvincing, Mr. Harris," is the only possible reply.

Mr. Harris apparently starts from the belief that the clearing banks are thwarting the Government's monetary objectives by lending to companies in circumstances where American banks would not. This can only mean one of two things. Either the clearers are lending—knowingly *and of their own volition*—to patently unsound companies; or they are rationing credit by price where Mr. Harris would rather they restricted *their* lending in some more direct way.

I know of no evidence for the first view, though as the clearers are usually accused of being too risk-averse it would be an interesting change for them to be accused of not being risk-averse enough. The clearers know perfectly well that a proportion of their loans will turn into bad debts during the recession. But as they lack the gift of prescience, they cannot tell in advance which these will be.

This is just one of the ways in which the costs of high interest rates will continue to hit bank profits long after the benefits have passed. (The last row about "obscene" bank profits referred to the 1973 figures: it was six years before they were as high in real terms again.)

Perhaps Mr. Harris is arguing instead for some form of non-price rationing of credit. Many *people do*; but for what it is worth the monetary authorities are not among them, as the recent green paper on monetary control made abundantly clear.

I am not sure what to make of the argument that the banks should be "made to compete" for their retail deposits. Does Mr. Harris deny the very real competition that the banks *already face, not just from one* another but also from institutions like the building societies? Does he really want a Monopolies Commission investigation so soon after the banks received a favourable report from the Price Commission and while they are still under the miscrope of the Office of Fair Trading?

And if he wants interest paid *on current accounts*, is he at the same time ready to argue that current account charges should rise to an economic level? After all, as recently as the *mid-1970s* the combination of bank charges and the "endowment" element was inadequate to recoup the costs incurred by the banks in providing their current account services.

I *for one* will "remain to be convinced" of the case for an excess tax until Mr. Harris, or someone else, demonstrates that real bank profits have represented an excessive rate of return on capital employed over the course of a business cycle. All the evidence I have seen so far suggests otherwise.

Ian Morison,
Head of Public Policy Group,
32, City Road, EC1.

Musical cuts at the BBC

From the General Secretary, Musicians' Union

Sir,—Students of management will be grateful to Mr. Singer, managing director, BBC Radio, for illustrating so clearly (June 9) the management failings that lie at the root of the BBC's present difficulties.

Mr. Singer fails completely to answer the questions posed by your *unusual* and *welcome* leading article of June 5 and to notice that similar questions have been posed by other responsible newspapers. How has this unprecedented action of the Musicians' Union been provoked? Why has a traditionally moderate group of highly intelligent employees voted (in a secret postal ballot) overwhelmingly for a strike? Why is the union's case universally supported by the music profession nationally and inter*nationally*? Why has the first actual dismissals arising from the "economies" been those of musicians; the people who produce the *major programme* component in radio? How does sacking one-third of the employed musicians conform to the director general's assurance that redundancies would be kept to a minimum? Why, at a time when the most important task confronting the nation is to reduce unemployment, is the BBC creating it (and in a most vulnerable sector) by slashing £1.5m of the wage bill to achieve a net saving of £500,000? Why has the BBC refused to negotiate *to achieve* a net saving of £500,000? Why has the BBC refused to negotiate the matter with the union although it is bound by an agreement to do so?

There is a further question that will be of interest to management students; why is the BBC refusing to honour a collective agreement? At our meeting on *May 29* with the BBC (the first it had consented to since April 24) the management admitted that they still are party to an agreement with this union under which they could reduce expenditure on musical employment by £240,000. The agreement, concluded a little over a year ago, links such expenditure to "needletime" (the use of commercial gramophone records) and provides that both shall rise and fall together. Mr. Singer appears incapable of understanding that agreements between two parties *give rise* to both benefits and obligations. He wishes to retain the benefit of the present high levels of needletime but to renounce the obligations on employment. Music expenditure could be reduced by merely returning to the needletime level of just over one year ago.

Mr. Singer asserts that "it is frequently forgotten that the BBC spends 40 times as much on a Radio 3 listener as on a Radio 1 listener." Once again, he has it the wrong way round. As a result of agreements reached with this union since *1964 (when needletime* was less than ½ of its present level) the BBC is able to provide a very cheap music service in Radio 1. Such a service, taken by itself would not justify the present licence fee, let alone an increase! The agreements that have led to the availability of this amount of needletime were arrived at because of the *guarantees on employment* that the BBC is now throwing overboard!

When we turn to Mr. Singer's attempt to divert the discussion by referring to the Performing Right Tribunal, students of management will recognise a typical case of "flight from reality." Mr. Singer writes: "At this tribunal it has been estab*lished that* the Musicians' Union has at its disposal a "sinking fund" of nearly £1m...." Your readers should know that nothing has been "established" at the tribunal since no decision has yet been published. The Musicians' Union does not have a "sinking fund" and no fund of the union contains "nearly £1m." Mr. Singer then goes on with what he describes as "another telling quote from the transcript of the tribunal." The transcript of the Tribunal *covers 77* days of hearing and contains (at a quick estimate) approximately 2.7m words. Mr. Bateson, the quoted counsel, *made it clear that he regarded* himself as being in "adversary litigation." Since the union, which I was representing, was one of his adversaries, it is not surprising that he spent a considerable amount of his time attempting to divert attention from the weaknesses in his own case by references to the union. He was, of course, behaving entirely properly and could be excused, perhaps for asserting that "if the Musicians' Union present sinking fund were invested at current rates the income from that would support that orchestra (the BBC Scottish) effectively and easily *for an indefinite period of time*, and others as well. Any moderately efficient manager should, however, be capable of the elementary arithmetic necessary to expose the statement as complete nonsense, unless—of course—he knows of a way to obtain a real annual return of £750,000 (the approximate cost of the orchestra) from an *investment of an hypothetical* £1m.

John Morton.
60/62 Clapham Road, SW9.

Today's Events

GENERAL

UK: Confederation of Health Service Employees (COHSE) conference debates motion from union's executive to ballot its members on 14 per cent pay offer to nurses: Dundee branch motion for immediate industrial action will also be debated, Blackpool.

Lord Carrington, Foreign Secretary, meets Sir Denis Follows, chairman British Olympic Association, and 16 other chairmen of governing bodies for Olympic Sports to discuss boycott of Olympics call, London.

Lord Soames, Lord President of the Council, opens Royal Commonwealth Society's conference on "The Commonwealth Forward with Zimbabwe, 18, Northumberland Avenue, London.

Mr. Norman Fowler, Minister of Transport, opens Institution of Mechanical Engineers conference on Progress Towards Safer Passenger Cars, 1, Birdcage Walk, SW1.

Overseas: EEC Budget Mini*sters meet to consider draft* budget for 1980, Luxembourg.

EEC Agriculture Council meets, Luxembourg.

European Parliament in session, Strasbourg.

Comecon Prime Ministers meet for annual summit, Prague.

Automobiles Citroen, of France, opens exhibition in Canton, China.

King Khalid of Saudi Arabia continues official visit to West Germany.

PARLIAMENTARY BUSINESS

House of Commons: Coal Industry Bill, second reading. Motions on the Redundant Mine*workers and Concessionary Coal* (Payments Scheme) (Amendment No. 2) Order. International Development Association (Sixth *Replenishment*) Order and *European* Communities (Definition of Treaties) (Second ACT-EEC Convention of Lome) Order.

House of Lords: Debate on the European Communities Committee report on powered industrial trucks. Social Security (No. 2) Bill, committee stage.

Select Committees: Defence. Subject: D-notice system. Wit*nesses: Rear-Admiral* W. N. Ash (secretary) and Mr. Windsor Clark (vice-chairman) Defence Press and Broadcasting Com*mittee (Room 8, 10.30 am)*. Foreign Affairs. Overseas Development Sub-Committee. Subject: Development divisions *of the Overseas Development* Administration. Witnesses: Overseas Development Administration (Room 15, 5.30 pm). Transport. *Subject: Channel Link.* Witneses: European Ferries (Room 17, 6 pm).

OFFICIAL STATISTICS

Index of *industrial* production (April—provisional).

COMPANY MEETINGS

See Page 24.

Hambros pays 16.5p as profits rise to £9.8m

PROFITS, after tax, of Hambros, banking and insurance group, rose from £7.12m to £9.83m for the year ended March 31, 1980, and the dividend is boosted to 16.5p net per 25p share, against 10.924p, with a final payment of 11.25p.

After investments gains, much lower at £1.57m, compared with £4.76m, and extraordinary credits of £726,000 (£10,000), the attributable balance emerged at £12.13m (£11.88m).

Operating profits per share are shown as up by 12.82p to 46.46p, and as 57.37p on the attributable figure.

The directors say that the second half repeated and consolidated the strong performance reported at the interim stage.

Profits from the banking companies expanded from £1.41m to £3.08m at the year end, other operating profits, less minority interests, were down slightly at £1.9m (£2.5m), and share of associates', including Hambro Life Assurance, advanced from £3.21m to £4.84m.

Dividends will absorb £3.52m, compared with £2.34m.

As at March 31, shareholders' funds totalled £82.9m (£76m). And there was a £65m surplus between the market value and the carrying value of the group's investment in Hambro Life Assurance, representing a £23m increase during the year.

Lex, back Page

HIGHLIGHTS

Lex looks at the gilt-edged market in the wake of the trade figures and the exhaustion of the long tap. Profits from Hambros have risen by well over £2m and the carrying value value of the Hambro Life offshoot has increased substantially. The column also examines Sony's export performance, bolstered by favourable exchange rates, and analyses Dawson's ability to lift volume sales in a generally gloomy textile sector. Elsewhere, profits from Lesney have been unexpectedly replaced by a substantial loss and MK Electric has been rethinking its sales strategy outside the home market. National Carbonising is set to redeploy its surplus on the disposal of the stake in LASMO.

MK Electric down —dividend held

A LOSS of sales at the principal subsidiary and a squeeze on margins were the main causes of a reduction in pre-tax profits of MK Electric Holdings, from £8.34m to £.15m for the year ended March 29, 1980.

Stated earnings per share are down from 40.41p to 40.16p but a final dividend of 7p per share maintains the year's total at 12p.

First half profits had fallen from £3.89m to £3.65m and trading in the second half closely followed the pattern indicated by the board in the interim statement.

The continuing high interest rates reduced activity in the construction industry and general economic uncertainty resulted in a falling off of orders.

There was some de-stocking by wholesalers and led to short-time *working in the early part of 1980.* As already announced, full five-day working will resume as from July 7.

Other companies in the group, including those overseas reported better profits and the Kuwait company made a substantial profit, an encouraging turnround from the previous year's loss.

● comment

M.K. Electric faces flat demand in the current year and shows little sign of doing more than treading water. High borrowing costs were one of the problems last year which, with overstocking, led to a sixfold increase in interest paid. Although the group has a major share of the UK market in electric wiring accessories, a dearth of business pushed the main subsidiary into a four-day work week in January. There will be a return to a full week in July, but the business is still operating at only 75 per cent of capacity. It will be interesting to see if the group moves into the manufacture of electrical equipment for non-British standards; this was one of the issues which contributed to the boardroom changes and could be an important area of future growth. The maintained dividend yields 9.6 per cent at 185p and the fully taxed p/e is 8.1.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:—

Hemerdon Mining and Smelting (Section: Mines — Miscellaneous). Marsh and McLennan (Insurance). SWCM (Mines — Miscellaneous).

Acquisition leaves Norwest Holst with year end deficit

STRUCK AFTER an exceptional debit attributable to the acquisition of Marshall-Andrew of £5.94m, Norwest Holst, civil engineering and building contractor, suffered a pre-tax loss of £1.87m for the year ended March 31, 1980, compared with profits of £5.44m. Turnover was well up at £177.1m against £119.7m.

The reduction in profits—trading surplus was £4.1m (£5.14m)—was forecast by Mr. S. E. Baucher, chairman, at the time of the offer by Illingworth and Henriques Rickitt on behalf of Wexcourt, now Norwest Holst Holdings.

There is no final dividend for the year, leaving the total at 1.999p (5.043p) net per 25p ordinary share—a special payment of 5p net of ACT amounting to £196,000, was paid to minority shareholders in accordance with the offer.

Loss per share is given as 19.7p (58.6p earnings).

Messrs. G. F. Eley, J. P. McBeath, M. C. Cossey, P. J. Newbold, and I. M. R. Wilkie (divisional managing director), and J. H. Ellis (group financial controller) have been appointed to the board.

Mr. S. E. Baucher, chairman, will retire after the annual meeting, but will continue with the group as chairman of Norwest Holst Holdings, the other directors of which will then be Messrs. A. J. Lilley, R. Slater, W. I. Scarborough and W. M. Bennett.

On March 6, Wexcourt, a wholly owned subsidiary of Dunham Mount which is controlled by Messrs. R. Slater and A. J. Lilley, made an offer to acquire the whole of the issued share capital of Norwest, other than 5,348,209 (57.65 per cent) shares already owned.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Chamberlain Phipps	2	Aug. 19	1.81	3.1	2.81
Craig and Rose	30	—	24.3	42.5‡	26.4
Godfrey Davis 2nd int.	3.5	—	3.44*	5.5	4.37*
Dawson Intl.	4.5	Aug. 27	4	7.5	7
Ferguson Ind. Hldgs.	3.3	Aug. 11	2.4*	5.5	4.4*
Fortnum and Mason	19.72	—	19.72	23.22	23.22
Hambros	11.25	Aug. 4	6.72	16.5	10.92
Lesney Products	Nil	—	2.06	1.23	3.24
M.K. Electric	7	Aug. 4	8.7	12	12
National Carbonising	2.1	—	0.7	2.8	0.7
Norwest Holst	Nil	—	3.45	1.99	5.04
WGI	5.4	—	4.5	8.4†	7

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for script issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special payment of 10p.

Candecca rights to raise £5.8m

BY ALAN FRIEDMAN

A £5.8m cash call is being made by Candecca Resources, the unquoted oil exploration company with a 25 per cent stake in the Humbly Grove oil find near Basingstoke.

Mr. Derek Musgrove, the general manager, said yesterday that about £2m of the money would be used to finance the drilling of 12 onshore wells in England and Scotland during the 1980-81 period. A further £1.5m would be budgeted for 8 additional onshore wells to be drilled over the next three years.

Candecca claims to be one of the largest holders of onshore acreage in the UK; it has net holdings of around 2,500 square kilometers. But Mr. Musgrove said that his company would be expanding into the offshore business as well.

"We plan to join one or more consortia for the Seventh Round of North Sea applications," he said. These participations, to be funded from rights issue money, will be implemented through a Candecca subsidiary.

Sceptre Resources, the Canadian group with 45.4 per cent of Candecca share capital, has already undertaken to subscribe for its full entitlement.

The issue, which is on a 1-for-4 basis, involves 5,196,070 ordinary shares of 10p each at 115p. It has been underwritten by Lazard Brothers.

Beyond the onshore and North Sea exploration plans, Candecca will pursue "any worthwhile objectives arising from our work" according to Mr. Musgrove. Meanwhile, Candecca will contribute toward the development of the Humbly Grove field in Hampshire, which is operated by Carless Capel and Leonard.

Among its onshore plans Candecca will take part in the drilling of a well in Wiltshire in the near future; this is also a 25 per cent stake in a venture led by Carless.

At yesterday's closing share price of 180p, up 16p, the discount came to around 36 per cent.

Brokers to the issue are Panmure Gordon.

● comment

It is now clear that the season for cash calls by oil explorers is in full swing. Candecca is following hard on the heels of its Humbly Grove partner, Carless, which last week went to the *market for £9.5m. Candecca has* a solid 25 per cent stake in this onshore find and it also has a number of attractive prospects in Scotland and the Yorkshire Moors. But one of the reasons for the issue would appear to be a growing interest in the North Sea. Sceptre, Candecca's Canadian godfather, is firmly behind the group but the proliferation of sizeable cash calls from non-dividend paying exploration companies such as Candecca should be watched carefully. This one, with proven resources behind it, seems reasonable enough, but others, far more speculative, are sure to follow.

Godfrey Davis tops £5.3m

AS INDICATED in the interim report, Godfrey Davis, the car hire specialist and Ford main dealer, has achieved record profits in the year to March 31, 1980. The pre-tax total is up from £4.58m to £5.32m on turnover of £112.31m against £88.73m.

Stated earnings per share are 35.2p against 28.3p. The second interim dividend of 3.5p effectively raises the year's total from 4.369p to 5.5p.

● comment

Second half profits of Godfrey Davis fell 29 per cent as both the car hire and distributing operations felt the deppening recession. New car prices kept rising but the used car market softened, fleet buyers drove hard bargains, companies hired cars for shorter periods and tourists were very thin on the ground. Interest charges for the year almost doubled to £2.8m. Still, in the full year, car distributing profit rose from £1.5m to £1.9m and the hire business (long and short) increased from £2.5m to £2.8m. The 11p drop in the shares yesterday to 142p following on a similar fall on Friday after the trading suspension was lifted was probably more due to the Monopolies Commission inquiry into the deal to sell the short-term hire business to France's Europcar than to the already forecast earnings performance. The shares are now trading at a gloomy 3.9 times stated earnings of 35.2p a share and the yield is 5.7 per cent if the second interim dividend of 3.5p is taken as the final.

SPAIN

June 13	Price %	+ or −
Banco Bilbao	223	+2
Banco Central	253	
Banco Exterior	215	
Banco Hispano	221	−5
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	280	+5
Banco Urquijo	156	+6
Banco Vizcaya	232	
Banco Zaragoza	200	
Dragados	83	
Espanola Zinc	61	
Fecsa	63.7	+0.2
Gal. Preciados	29.5	−0.5
Hidrola	67.5	
Iberduero	66.5	−0.5
Petroleos	107.7	−0.7
Petrolíber	64	
Sogefisa	107	
Telefonica	58	+1
Union Elect.	64	−0.2

MR. PAUL TAPSCOTT (right), chairman of Lesney Products, and the managing director, Mr. Leslie Smith. Yesterday the company reported a loss of £3.6m compared with profits of £5.1m for the previous year.

Heavy second half losses push Lesney £3.6m into the red

SUBSTANTIAL LOSSES have been incurred by Lesney Products, manufacturer of toys and commercial diecastings, in the year to January 27, 1980. The pre-tax loss was £3.6m compared with a profit of £5.1m previously. A disastrous second half resulted in a loss of £3.11m against a profit of £1.81m last time.

There is no final dividend, making the total 1.232p (3.2428p).

After a tax credit of £1m (£300,000), there is a loss per 5p *share of 7.7p against earnings of* 16.2p.

The board says that the deterioration in the pre-tax results was caused mainly by higher interest costs on significantly increased borrowings; the general effect of the strength of sterling on margins, and losses arising from reorganisation in the U.S., Japan and Metal Castings (Worcester) which amounted to £4.3m (profit £1.2m).

The company's pre-tax loss was struck after interest of £5.6m (£1.8m). There was an attributable loss of £4.7m (profit £5.4m) after an extraordinary debit of £2.1m.

Turnover improved from £89m to £107m.

The worse than anticipated sales in the 1979 Christmas season combined with failure to cut back production sufficiently quickly in the latter part of 1979, meant that the year ended with stocks considerably in excess of planned levels and with a resulting peak *level of borrowings*, says the board.

The Board believes that excess stocks can be sold in the normal course of business, and to achieve the desired reductions in stock levels, have instituted a substantial cutback in the UK manufacturing output. This has involved heavy redundancies in personnel as well as short-time working.

The Board believes these actions should significantly reduce the seasonal increase in borrowings and result in a substantial reduction of both stocks and borrowings by the year-end which should then have restored the group to a position from which it can once more look forward to trading profitably.

In order to strengthen the Board, it is intended that Mr. Gordon Hay and Mr. Maurice Alberge, be elected as additional directors and that they be appointed chairman and finance director respectively.

● comment

Nervous words around the market last week hinted that Lesney's earlier warning of profits "substantially below" 1978-79's would prove to be a remarkable understatement; but the 3p drop to 15p shows that few people were prepared for the grisly outcome. Lesney exports 80 per cent of its UK-made products, and has manufacturing operations overseas. The strong pound took a razor to margins, while on the supply side Lesney beefed up to pull itself out of the winter disruptions only to find itself stockpiling ahead of a depressed market. Near-doubled borrowings indicate the level of stocking, so that while cutting back its workforce the company can comfortably maintain sales targets. The current year will be rough, with a historic 12 per cent yield to see the loyal through. But the Matchbox name is a good one on which to rebuild—or even buy.

Mersey Docks vote goes against dissident holders

A BID by dissident shareholders to gain representation on the stockholders advisory committee of the Mersey Docks and Harbour Company, has failed.

At the annual general meeting of Mersey Docks last week a number of shareholders challenged the reappointment of Mr. Derek Heys to the three-man advisory committee. The committee was set up after the 1974 capital reconstruction to look after the interests of the holders of the redeemable subordinated unsecured loan stocks and this is the first time any of the appointments have been challenged.

Last week, Mr. Simon Knott, a partner in the London stockbroking firm of Green and Company, challenged Mr. Heys' reappointment to the advisory committee and put himself forward. After a show of hands a count was taken and the results were published yesterday.

Mr. Heys received support from 1,262 stockholders representing £4.65m worth of written down stock. Some 44 stockholders representing £1.18m of written down stock voted against his reappointment.

News Analysis, Page 7

WGI improves to £2.2m for year

DESPITE THE effects of national industrial disputes, WGI, the construction and engineering group, improved pre-tax profits from £2.06m to £2.2m for the year ended March 30, 1980, on turnover 23 per cent higher at £44.88m. First-half profits had edged up from £0.97m to £1.08m.

The full year's result reflects a sharp increase from its process engineering division where profits jumped from £293,133 to £622,260. Civil engineering, the group's largest profit earner, maintained its performance at £1.12m, despite a smaller contribution from overseas work.

Profits from the refractories division were marginally higher at £571,949 (£561,938), although industrial action denied it trade with its largest customer, British Steel, for three months. Mechanical and structural engineering profits were £257,174 (£268,843).

The group's three recent acquisitions, Geo. Sands and Son, Dowsett Piling and Foundations, and Cathraw and Co., made satisfactory contributions.

Mr. David Brooks, the chairman, says the results are considered very satisfactory, in view of the difficulties of this year, with the group's business affected in several areas by factors outside its control.

Currently, there is a healthy demand for the group's services.

Interest charges increased *from £155,723 to £313,456 for the* year. Tax was down from £555,202 to £261,649 and after lower extraordinary debits of £198,204 (£567,815), available profits climbed sharply from £0.93m to £1.75m.

Earnings per 25p share are given as 35.1p (42.5p) before tax, and as 31p (same) after. On a 52 per cent charge the figures were 16.8p (20.3p). A final dividend of 5.4p raises the total payment by 20 per cent from 7p to 8.4p, on capital increased by the one-for-four rights issue.

Ordinary dividends absorbed £565,628 (£371,674) and retained profits emerged well ahead from £555,078 to £1.17m.

£0.23m decline at Fortnum and Mason

FORTNUM AND MASON, department store, reports a drop of £223,000 to £578,000 in pre-tax profits for the year to January 26, 1980.

Tax was down from £428,000 to £306,000, and the final dividend per £1 share is unchanged at 19.72p for a total of 23.22p (same).

UK COMPANY NEWS

Increase to over £4m by Chamberlain Phipps

TRADING profits of Chamberlain Phipps increased by 14.8 per cent in the year to March 31, 1980, but after much higher interest charges of £877,000, against £491,000, the pre-tax figure emerged at £4.15m, up 6.7 per cent on the previous year's £3.89m. The interest lift was a result of increased borrowings and high interest rates.

Group sales advanced 14 per cent from £59.44m to £67.85m. Exports rose over 26 per cent to £11.54m and accounted for 17 per cent of the total figure.

At half-time, when reporting pre-tax profits up from £1.51m to £1.73m on sales of £31.03m (£28.05m), Mr. W. B. F. Chamberlain, the chairman, said the group was maintaining a good level of activity and in spite of the rise in interest rates a satisfactory full year result was expected.

With SSAP 15 adopted, tax for the year took £701,000 (restated £909,000). After minorities and extraordinary items, attributable profits were ahead from £2.62m to £2.81m.

Earnings per 10p share, before extraordinary debits of £230,000 (£59,000), improved from 11.96p to 13.46p. A final dividend of 2p raises the net total to 3.1p, compared with 2.8054p, which absorbs £711,000 (£643,000).

In the year under review, there was a considerable profits improvement in the general industries division, which increased its sales more than any other part of the group to provide 30 per cent of the total figure—trading profits jumped 64 per cent.

The group's overseas companies, which with exports from the UK account for 28 per cent of total sales, traded well.

On future trading, the chairman believes that the group's diversity of interests in the UK and overseas, coupled with its organisation into small, flexible units which can adjust quickly to changing conditions, will enable it to perform effectively in spite of the current economic difficulties.

● comment

With trading margins two *points* better on turnover a quarter up, the strength in Chamberlain Phipps' general industries division more than *offset the slump in moulding* and a sluggish performance at Phipps-Faire. Three-quarters of *group business is in footwear*, almost half in the UK so the group has performed creditably *in a year which has seen British* shoemakers under severe margin pressure from imports. The motor industry may not seem the firmest foundation for diversification, but the main customer is Ford which enjoyed a good year. The De Lorean contract could also give a useful boost if the car is a success—Phipps' investment is so far a small one. The current year has started in line with last year's second half—which was stronger than the first—but there are signs that the second quarter may see a hiccup or two. *The extraordinary item relates* largely to potential plant closure, outside the main operating divisions. At 35p, up 3p, the shares are cautiously rated on a fully-taxed multiple of 4.7 with a 13 per cent yield.

National Carbonising picks up to finish year with £102,000

AFTER first half losses of £206,000 against £155,000, National Carbonising Company, returned to profit and finished the year to March 31, 1980, with a pre-tax figure of £102,000 compared with £34,000 previously. *Turnover was up from £35.89m* to £36.66m.

Earnings per share are stated as 1.85p against 0.11p and a final dividend of 2.1p makes a total of 2.8p compared with the previous year's single 0.7p. A one-for-one scrip issue is also pro*posed*.

Profit is after interest of £347,000 (£368,000) but before a tax credit of £135,000 against a £21,000 charge. Attributable *profit soared to £7.55m against* losses of £154,000 after extraordinary profits of £7.32m (£167,000 loss).

Mr. G. Ferguson Lacey, chairman, says the strength of the balance sheet provides an opportunity to grow significantly and the board *views* the year *ahead* with confidence.

The directors are also proposing to change the group's name to NCC Energy.

During the current year, the *chairman says that while the* commitment to develop as an energy based group will continue, consideration will be given to the acquisition of income producing interests with a view to maintaining dividend growth while waiting for energy investments to mature.

The newly formed U.S. subsidiary NCC Energy Inc., is entering into a joint venture with Mercury Exploration of Fort Worth, Texas to acquire acreage and drilling equipment and to carry out a drilling pro*gramme which is due to com*mence this August.

The company has made a commitment to invest U.S.$3.3m in this joint operating venture.

● comment

With the *profits from* the LSMO sale now in the books and *sheltered from capital gains tax*, National Carbonising is poised *to* expand its energy interests at a vigorous rate. Dividends are *nothing like covered by profits* before tax, so the company is in urgent need of a UK income producer to offset the ACT charge. In addition, MCC is looking at energy acquisitions in the U.S., Australia and Canada—in that order. Its cash balances are now around £3m so a rights issue may be employed to finance growth on this scale. The com*pany is claiming* net assets per share of 205p (of which two-thirds is derived from Weeks) but these are still a long way from producing an adequate return. MCC is now investing $3.3m in U.S. exploration and will be active in the seventh round of *North Sea licensing so* shareholders are in for a long wait before a sizeable income stream is built up. At 142p, up 4p yesterday, the shares look fully-valued. The yield is 2.9 per cent.

Sharp rise in BUPA membership

A SHARP rise in membership last year is reported by the British United Provident Association, the largest medical insurance agency in the UK. A net rise of over 100,000 sub*scribers was achieved in 1979 to* the record number of 965,000 at the year end. Sir Michael Milne-Watson in his chairman's statement reports that membership has passed the one million mark since the year-end.

The report and accounts for the year shows that subscriptions in 1979 advanced by nearly 15 per cent from £78.7m to £90.3m, while the amount paid out in benefits and transferred to benefits reserve rose by over 9 per cent from £64m to £69.9m. Investment and other income in*creased by nearly 50 per cent* from £7m to £10.4m, and expenses were 40 per cent higher at £12.8m against £9.1m.

BUPA increased its payments under covenants in *1979* from £770,000 to £886,000, while the tax charge was 60 per cent higher at £4.25m. The *overall* surplus for 1979 amounted to £11.1m compared with £9.2m for 1978.

Sir Michael referred to the major breakthrough which occurred last year in providing *medical insurance and health* care to employees. BUPA agreed with the Electrical Contractors Association to provide medical examination for 30,000 employees of their member companies. This, he said, showed that private health care is not only desirable but is available for employees at all levels.

Andersons' Rubber falls: omits final

With second-half losses of *£42,021* against a surplus last time of £10,387, pre-tax profits of Andersons' Rubber Company showed a sharp decline for the full year ended January 31, 1980, falling from £82,587 to £10,979. At midway, profits were £53,600 compared with *£72,200*.

The interim dividend is omitted, leaving the total for the year at *1.15p (3.3p) net*.

After a significant deteriora-in the final quarter, the directors state that domestic sales of the group's protective clothing and industrial rubber products remain static. And although exports increased, the strong pound and high interest rates had a serious impact. Turnover was ahead at £4.12m (£3.54m).

After tax of £19,800 (£6,115) there was a net loss of £8,821 (£76,472 profit) or 0.74p loss (7.56p earnings) per *share*.

Hill Samuel S. Africa proposing rights issue

Hill Samuel Group (HSGSA), the South African subsidiary of Hill Samuel, has announced a *rights issue to raise* R2.8m ($3.6m).

About 874,000 new shares are being offered to shareholders at a price of 320 cents on the basis of 15 new shares for every 100 held. Hill Samuel of London will take up its rights in proportion to its current holding and underwrite the issue.

Since the April, 1979, restructuring, in which HSGSA's troubled property interests were sold to the UK parent and the pension and insurance interests *to* Alexander Howden, the company has concentrated on developing its merchant banking activities.

With this in mind and expectations that demand for loans from corporate borrowers will advance strongly over the next year or so, it has become *necessary* for the group to increase its capital base.

Recently, R4m was raised through a private placing of redeemable preference shares, while a further R2.8m will be added to equity through the present ordinary rights issue.

During the year to March 31, 1980, the company increased its loans to clients from R55.1m to R73.5m and the value of bills accepted and rediscounted for customers from R60.9m to R162.8m. Over the same period, merchant banking operations *earned R3.14m pre-tax*, compared with R1.94m the previous year.

Dividends totalling 27.5 cents (17.75 cents in 1979) were declared from earnings per share of 41.4 cents (26.6 cents).

Royal Insurance expands with two new divisions

Royal Insurance Group, a major UK composite insurance group, has announced the establishment of two new operating divisions—the life division and the *general* overseas division—as from July 1, 1980.

Over the past decade, the life and pensions business of the group has grown substantially. With funds in excess of £1bn, Royal is now one of the ten largest UK life asurance companies. The objective is to achieve further substantial growth during the 1980s and to facilitate this, the life and pensions business has been *established as a sep*arate operation within the group.

The investment of long-term funds of Royal has been kept separate from the investment of the funds of all other operations of the group. The life division will be readed by Mr. Tony Baker, Royal's chief actuary.

The general overseas division will have the responsibility for the *operations and development* of Royal's overseas business transacted in some 80 countries, but not including *North America*, Australia and Holland. It will be headed by Mr. Jim Clarke.

Reckitt and Colman Aust. up at halfway

A FIVE PER CENT rise in pre-tax profits is reported by Reckitt and Colman Australia for the six months to April 30. Profits were A$12.63m (£6.25m), on turnover up 19.7 per cent to A$96.9m.

The company, a subsidiary of the British food, toiletries and pharmaceuticals group, says that although sales increased at a satisfactory rate, profits were *affected by heavy investment in* promotion and development. A second-half improvement similar *to that in 1979 is expected*.

The interim dividend is lifted from 6.5 cents to 7 cents.

Tilley Lamp loss at six months

A loss of £4,915 was incurred by the Tilley Lamp Company, in *the first* half-year to December 31, 1979, against a £9,344 profit in the same corresponding period of 1978.

Turnover amounted to £1.04m against £924,723. The loss is after sharply increased interest of £50,696 (£5,799) and deprecia*tion £44,256 (£29,391)*.

Loss per share is stated as 1.68p against 0.27p earnings.

Danks forecasts deficit

A net loss on its operations is forecast by the Board of Danks Gowerton, processor of steel, design and *manufacture of* boilers and plant, for the extended accounting period to June 30, 1980. *This follows* last year's record pre-tax profits of £1.1m compared with £1m.

The losses, states the board, will not be such that they will, to any appreciable extent, affect the long-term future of the group.

The accounting period has been extended by three months because the steel strike made it impracticable to carry out a stock take at the company's *Gorseinon works on March 31*.

The board states it has taken action to slim down its engineering operations in line with diminishing demand. This *has been necessary* to ensure continuity of employment for a reduced workforce, and to concentrate group efforts on the development of fluidised bed combustion technology as an alternative source of power to oil and gas.

Dawson International rises by 12% and order books strong

RECORD results are announced by Dawson International, the luxury knitwear and textile products group for the year ended March 31, 1980. Pre-tax profits were up 12 per cent from £16.26m to £18.24m on turnover of £159.21m against £135.08m.

The group's order books are strong, taking companies well through the calendar year, the directors say. As far as can be seen, this situation should continue.

Stated earnings per share are 26.2p against 21.4p and 23.4p (20.7p) fully diluted. The final dividend is lifted from 4p to 4.5p to make a total of 7.5p compared with 7p previously.

All companies operated profit*ably with the Haggas companies* being included for a full 12 months of trading against only three months in the previous year. The group's financial position remains strong. Net liquid resources were maintained at the previous year's level of £21m (37p per share).

Expenditure at over £4m was the highest ever and included capital investment to increase capacity further as well as improving efficiencies.

During the year steps were taken to rationalise various activities to eliminate areas of *lower profit contribution*. The benefits of these moves will be more reflected in the current year's results, the board adds.

	Year 1979-80 £000	Year 1978-79 £000
Turnover*	159,209	135,081
Trading profit	20,255	17,150
Depreciation	2,868	1,893
Interest	855	1,003
Profit before tax	18,242	16,260
Tax	4,866	6,566
Net profit	13,376	9,694
Extraord. credit	176	†251
Dividend	4,050	3,358
Retained	9,502	6,085

* Including external sales £113,203 (£96,174). † Debit.

Lex, back Page

BOARD MEETINGS

The following companies have notified *dates of Board meetings to the Stock* Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last *year's timetable*.

TODAY

Interims: Throgmorton Trust.

Finals: Bradford Property Trust, Peter Brotherhood, GEI International, Northern Goldsmiths, Property and Reversionary Investment, Robertson Foods, Sound *Diffusion, Westbrick Products*.

FUTURE DATES

Interims—	
Castlefield (Klang) Rubber Estate	June 26
Killinghall (Rubber) Development	June 26
Jones (Ernest) (Jewellers)	June 18
Romney Trust	July 18
United Guarantee	June 26
Vectis Stone	June 25
Finals—	
Arbuthnot Latham	June 19
Crooper (James)	*June 23*
Downs Surgical	June 18
Peterson (R.)	June 24
Petbow	June 30
Somic	June 24
Stead and Simpson	June 26
Winchmore Invest. Trust	June 19

Wolverhampton Steam back to dividends

As forecast in the interim statement, Wolverhampton Steam Laundry returned to profit in the *second* half and pre-tax profits for the year ended March 31, 1980, amounted to £18,734 compared with a *loss of £10,441* in the previous year.

The group has returned to dividends with a recommendation of a single 0.5p payment—the last *dividend was 0.35p net in 1975-76*.

Ferguson Indl. up £1.5m

FINAL QUARTER pre-tax profits of Ferguson Industrial Holdings, building, engineering and printing group, increased from £0.61m to £1.04m, and the increase for the full year to February 29, 1980, was £1.5m at £3.74m.

Sales advanced from £56.52m to £80.47m, resulting in a record trading profit of £5.64m, an increase of 91 per cent.

The improvement came largely from the building supplies and printing divisions. The giltware division, however, produced a trading profit of only £299,000 after absorbing a loss of £206,000 *incurred by the plumbers' brassware* foundry which was closed in order to put Peerage on a sounder basis.

The group profit sharing scheme had a record sum of £639,000 for distribution among 2,000 eligible employees. More of the group's subsidiaries are now included in the scheme for the first time.

After tax up from £593,000 to £863,000, stated earnings per 25p share improved from 14.6p to 21.4p, and the final dividend is effectively raised from 2.4p to 3.3p for a final of 5.5p (adjusted 4.4p).

There was an extraordinary credit of £69,000 (£278,000) resulting from the sales of the group's shares in Breedon and Cloud Hill lime works. Dividends absorb £740,000 against £559,000, leaving £2.21m (£1.37m)

Mr. Denis Vernon, the chairman, says since the beginning of March there has been a reduction *in trading activity as expected* in the current economic climate.

● comment

More than doubled interest charges and a roughly quadrupled contribution to the employees' profit sharing scheme have failed to arrest the progress at Ferguson Industrial. Pre-tax profits are up by two-thirds. The final quarter was very favourable for building merchants with local authorities spending heavily and other customers buying both for stock appreciation relief and as an insulation against the steel strike. By comparison with the previous year, the weather was excellent. All these factors have now disappeared and the group's concentration in the north is making life particularly difficult. This year, therefore, Ferguson's 60 per cent gearing ratio will prove more burdensome, even if *interest rates fall.* The shares have traditionally laboured on a humble rating and even after an 8p rise to 94p yesterday, they trade on only 4.2 times published historic earnings. Given Ferguson's sound record, this looks undemanding on any but the most short term considerations. The yield of 8.7 per cent is above the sector average.

MINING NEWS

BC considering $5bn coal-fuel operation

BY KENNETH MARSTON, MINING EDITOR

A CANADIAN coal liquefaction project based on coal reserves in *British Columbia and costing* some C$5bn (£1.86bn) is being considered by West German and Japanese interests, reports **Robert Gibens from Montreal.**

They are looking at the liquefaction potential of major coal resources in the Hat Creek area of northern BC. Preliminary studies are proposed with a view to using South African coal-gas technology.

The BC Provincial Energy Department will have overall responsibility for the feasibility studies and also for engineering and economic research. Environmental impact considerations would follow. Likely products from the project would include synthetic fuels and industrial chemicals.

The huge low-grade coal reserve is estimated at up to 20bn tonnes and a liquefaction plant could produce up to 50,000 barrels per day of synthetic fuels.

Industry sources believe that Nissho-Iwai is the Japanese firm involved while Montreal's SNC *group is carrying out a study for* the Federal Government to decide on which of seven known liquefaction technologies would be most suitable to Canadian coal.

Meanwhile, the Alberta Government has offered to back a major new coal development in the Cape Breton area of Nova Scotia with the resources of the C$6bn Heritage Fund; the latter is derived from royalties charged on Alberta's oil and gas production.

The Federal Government has so far committed itself to C$30m towards the development of the Donkin mine. Having an estimated total cost of C$300m or more to open up, the deposit lies offshore from Glace Bay on the east coast of Cape Breton.

America's Consolidation Coal is considering a participation in this venture and so far unidentified Japanese and European investors are also believed to be interested.

ROUND-UP

First uranium oxide exports to Japan are expected to start within a few months from **Queensland Mines'** new Nabarlek property in Australia's Northern Territory. The mine reached the production stage this month and anticipates an annual output rate of 1,000 tonnes. Japan's **Shikoku Electric and Kyushu Electric**, which lent Queensland Mines A$75m (£37m) for the development of the project, will take 40 per cent of the uranium output and the rest is likely to go to other Japanese and, possibly, Soupth Korean utilities.

* * *

Thailand is reported to have ruled that local equity in foreign tin companies operating offshore must be increased to 70 per cent from the present 60 per cent. For companies which have completed 25 year tin mining concessions the increase must be effected within two years while for newer concerns the Thai stake must be raised over the next five years.

A Government spokesman said that Thailand's growing expertise in tin mining reduced the need to depend on foreign capital in the industry.

The country's expertise may also have to be deployed in dealing with the widespread pirate tin mining operations which so depleted the reserves being operated by Southern Kinta Consolidated off the west coast of Thailand that the *Malaysian - registered company* recently decided to cut its losses and pull out.

The gold they left behind

AUSTRALIA'S Peko - Wallsend reports that following feasibility work it has decided to go ahead with a A$15m (£7.4m) project to re-treat the old gold-containing tailings (waste) dumps at its Mount Morgan gold mine in Queensland.

They contain about 40m tonnes of material assaying 1.08 grammes of gold per tonne. The tailings will be recovered by dredges and treated at the rate of 3.5m tonnes per year. It is estimated that a total of 460,000 ounces of gold will be recovered over the life of the project

Also seeking gold in old mine waste dumps is the new West Australian emerald - producing **Great Eastern Mines.** It has bought a 50 per cent interest in four tailings dumps containing over 600,000 tonnes of treatable material in the North Coolgardie goldfields.

Together with its partner, **Lightning Ridge Mining**, the company has commissioned a feasibility study with a view to upgrading the present small treatment plant to handle 1,500-2,000 tonnes of material a week

Winding up orders for 48 companies

Compulsory winding-up orders against 48 companies were made in the High Court yesterday. They were:

M. A. Stevens (Hillingdon), Hopkins Brothers (Birmingham), Lathom Plant, A. & V. Lillis, Reginald Smith (Motor Cycles), and Courtney Meehan Productions.

Sign Arts, D & C World Travels, Ancoland, Stockport Machinery Installations, Transtate Distribution, S & K Builders and Speedwell Radio Cars.

Magnadec, J. Devey, Cymont Company, Roken Properties, Morrisa Originals, and Albion Roadways.

Dartborough, F.A.S. (Parts), Hamilner, Thorpwise, T. & R. Carr, John Hercus, Marcia Ells Fashions, and Ramson Engineering.

Structureseal, D. G. Halford Plaster Board Company, Albabrook, Robert Day & Co., Reno Gowns, L. Kendler (Bournemouth), Lintonville, and Banburn Dells.

Abkey Technical Services, Fraser & Funnell, United Crafts, Dudley Decoration, Wrigleys Stonecleaning and Restoration (London), Q.S. Duplicating, and Inamere.

Lea Markham Holdings, G.B.P. (Builders), Obex Shipping, Thriftbond, Frost Duval (Refrigeration), and Border Film Productions (London).

Compulsory winding-up orders made on June 9 against H. G. Watson and Co., and Rainbow Travel, were rescinded and the petitions dismissed by consent.

Today's company meetings

Atlas Electric and General Trust, Winchester House, London Wall, EC, 12. Bowthorpe, Gatwick Road, Crawley, 12. Duport, Midland Hotel, Birmingham, 12.30. Emray, 61, Grosvenor Street, W, 10. Estates Duties Investment Trust, Skinners Hall, Dowgate Hill, EC, 12.15. Joseph Holt, Woodthorpe Hotel, Prestwich, Manchester, 11.30. Lamont Holdings, British Hotel, Edinburgh, 10.45. Midland Industries, Mount Hotel, Wolverhampton, 12. M. F. North, Stanhope Court Hotel, SW, 2.30. Walter Runciman, 52, Leadenhall Street, EC, 12. Tarmac, Hyde Park Hotel, SW, 12. Waverley Cameron, 23, Blair Street, Edinburgh, 12.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.260	1	35	—	—	—	—	F.282.50
ABN C	F.300	8	3.70	—	—	—	—	"
ABN C	F.310	23	1.50	—	—	—	—	"
AKZ C	F.22.50	20	2	—	—	—	—	F.24.10
AKZ C	F.25	54	0.60	26	1.70	—	—	"
AKZ C	F.27.50	—	—	10	0.60	—	—	"
ARB C	F.60	31	7.10	—	—	1	7.80	F.66.30
ARB C	F.65	10	2.50	9	3	6	3.80	"
EK C	$50	10	6	—	—	—	—	$55⅝
HEI C	F.60	—	—	—	—	1	5.80	F60.20
HEI C	F.65	3	0.50	8	2.70	—	—	"
HO C	F.17.50	—	—	11	1.30	8	1.90	F16.80
KLM C	F.60	11	3.50	—	—	—	—	F.61.80
KLM C	F.70	7	0.80	—	—	—	—	"
KLM C	F.80	—	—	26	1.20	—	—	"
KLM P	F.60	56	2.20	7	5.20	—	—	"
KLM P	F.70	21	9	4	10.50	—	—	"
KLM P	F.80	11	19	—	—	—	—	"
NAT C	F.109.10	8	4.60	3	7.30	2	10	F.113.50
NAT P	F.100	—	—	10	1.20	—	—	"
NN C	F.110	—	—	—	—	1	8	"
NN C	F.120	—	—	23	1.80	1	4	"
PHI C	F.17.50	—	—	30	1.50	—	—	F.18
PHI C	F.20	—	—	1	0.60	13	0.80	"
PHI P	F.20	—	—	—	—	2	2.20	"
PRD C	$25	4	1	—	—	—	—	$24
RD C	F.160	73	9	38	10.50	—	—	F.168.20
RD C	F.170	143	2.80	72	5.20	13	7.60	"
RD P	F.150	15	0.40	22	2.30	28	3.40	"
RD P	F.160	218	1.20	10	5.90	—	—	"
RD P	F.170	33	4.60	—	—	—	—	"
T C	$50	10	5⅛	—	—	—	—	$55
UNI C	F.105	—	—	2	12.50	—	—	F.116.60
UNI C	F.110	—	—	—	—	1	15	"
UNI C	F.115	30	3	40	5	—	—	"
UNI C	F.120	—	—	17	2.30	—	—	"
UNI P	F.115	1	1.70	6	3	—	—	"
		Aug.		Nov.		Feb.		
SIE C	DM270.50	5	7.20	—	—	—	—	DM270
VEB C	DM.140	—	—	5	8.80	—	—	DM143
VEB C	DM.150	—	—	5	3.50	—	—	"
VW C	DM.180	5	7	—	—	—	—	DM183.48
		June		Sept.		Dec.		
GM C	$45	20	4⅜	1	5⅜	10	6⅜	$49
GM C	$50	5	⅛	—	—	15	2⅞	"
TOTAL VOLUME IN CONTRACTS						1523		

C=Call

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OIL AND GAS NEWS

Australian oil shale find

BY GEORGE MILLING-STANLEY

TWO NEW large deposits of oil shale have been discovered in Queensland, Australia, by Southern Pacific Petroleum and Central Pacific Minerals, two of the partners in the Rundle oil shale joint venture in the state.

According to detailed figures released by Mr. Ian MacFarlane, chairman of both companies, the Condor prospect, between Proserpine and Mackay on the coast of central Queensland, is estimated to contain 6.04bn barrels of shale oil at a cut-off grade of 40 litres per tonne of shale, or 4.8bn barrels at a cut-off of 50 litres per tonne.

The Stuart prospect, south of Rundle near Rockhampton on the southern central Queensland coast, is estimated to contain 2bn barrels of shale oil at a cut-off grade of 40 litres per tonne.

Rundle, which is to be developed in partnership with Esso Exploration and Production Australia, a subsidiary of America's giant Exxon oil company, contains an estimated 2.02bn barrels at 40 litres per tonne cut-off.

If everything goes according to expectations, Rundle will come into production some time after 1984. It has been estimated that by then the project could be providing as much as 25 per cent of Australia's domestic petrol requirements.

Mr. MacFarlane said that detailed evaluation studies of the Condor and Stuart prospects has begun, and new tests of the Rundle deposit suggest an improvement of about 10 per cent in the estimated yield.

* * *

Philippine Cities Service has found oil while conducting a drill stem test on an offshore well in Northwest Palawan Island province. Further tests are needed to determine the flow rate of the oil, according to Mr. Geronimo Velasco, Energy Minister of the Philippines.

Cities Service is operating the Northwest Palawan contract for a consortium including Husky Oil Philippines, Philippine Overseas Drilling and Oil, Basic Petroleum and Mineral, Landoil Resources and Oriental Petroleum and Mineral.

Oil was first discovered in the Philippines in 1976, and domestic production last year was 188m tonnes. The country estimates that oil imports this year will rise from 77m barrels to 80m barrels.

The Sabinanigo natural gas field in Huesca province in Spain has estimated annual production potential of between 1.5m and 2m tonnes of oil equivalent according to Sr. Ignacio Bayon, Industry and Energy Minister. The latest production estimates were made following encouraging results obtained from the Serrablo Two trial bore some distance from the other test holes, he said.

* * *

The French Trade Ministry has awarded Elf-Aquitaine a preliminary licence to explore for oil and gas in the English Channel. The permit is called Nord-Contentin, and borders on six French coastal departments.

BIDS AND DEALS

Arab demand prompts £4.1m Nichols (Vimto) purchase

BY ANDREW FISHER

THE FAST growing Arab taste for its major product has prompted soft drinks group J. N. Nichols (Vimto) to purchase Solent Canners in a £4.1m deal which will give British and Commonwealth Shipping a 20 per cent stake in Nichols.

Vimto, sold as a cordial or aerated in bottles or cans, is produced in the north of England but virtually unknown in the south. Sales to Arab countries, where alcohol is banned, accounted for over half of Nichols' sales last year.

British and Commonwealth is effectively swapping its 78 per cent stake in Solent Canners, whose main business involves Vimto, for a fifth of Nichols, which would rise to 35 per cent on full loan stock conversion.

Nichols is paying with 1m of its ordinary shares—quoted at around 300p ex-dividend—along with £1.82m in 10 per cent convertible loan stock 1981-90 and £814,500 in cash. After taking account of a one-for-one scrip issue planned by Nichols, the deal values Solent at just over £4m.

"It was logical to bring the whole lot under one ownership and really push sales of Vimto world-wide," commented Mr. Brian Kilby, a director of Nichols and also its company secretary. Nichols advisers are Hill Samuel.

Last year, 71 per cent of Solent's business, or £9.4m, represented sales of canned Vimto to the Arabian Peninsular, though this was down on the £13.7m (76 per cent) achieved in 1978. Net assets total £2.5m, and Solent has nearly £3.5m in cash on deposit.

Solent's profits dropped in 1979 from £2m to £1.3m, with sales declining from £18m to £13.3m. This was largely in reaction to the higher than normal 1978 shipments to the Nichols agent in Saudi Arabia; the UK lorry drivers' strike and the impact of sterling's strength on exports also played a part.

Under an agreement with Solent, which has a non-exclusive canning and bottling licence for Vimto in the UK and exclusive licences for most other countries, the Saudi agent is building a soft drinks plant in Dammam and arranging the finance locally.

The Dammam factory should come on stream in 1981. Until then Solent's local market share is likely to decline. Nichols itself has already put in a new export bottling line at Chorley, near Preston.

In its annual report, also out yesterday, Nichols' chairman, Mr. Peter Nichols, said there should be steady expansion in home and export markets this financial year. North America is one area for possible expansion.

"However, if the present high level of world sugar prices persists, margins on export sales may come under pressure," he added. Nichols lifted pre-tax profits from £1.3m to £1.8m in the year to March 31, 1980, on sales up from £6.2m to £10.1m.

Exports, predominantly to Arab countries, rose from £2.6m to £5.8m. Sales in the UK were nearly 17 per cent higher, and Nichols foresees a gradual rise in sales outside the north as the large supermarket chains make Vimto more widely available.

Restaurants sale by Sheffield Refreshment

Sheffield Refreshment Houses has reached agreement for the sale of the businesses and assets of Omega Restaurant and Kenwood Restaurant.

The consideration of £170,000 cash will be applied in reduction of bank borrowings necessitated by the recent purchase of Roslyn Court Hotel and St. Andrew's Hotel, the directors say.

The Omega Restaurant has not made its due contributions to group profits in recent years and the site has development problems.

These sales, coupled with the recent acquisition are not anticipated to make any immediate impact on group profits, but the Board believes that material benefits will acrue from 1981/82 onwards.

LISTINGS RESTORED

The following companies have had their Stock Exchange listings restored: Southern Malayan Tin Dredging, Southern Kinta Consolidated, Malayan Tin Dredging.

BOC PAYS £1.1M IN SHARES

According to the terms of the agreement for BOC International's acquisition of Software Sciences International, an additional consideration of £1.12m has become payable. This has been satisfied by the issue of 1,655,199 shares.

MORE EWER SHARE PURCHASES

Laurence Prust and Co., brokers to George Ewer and Co., currently the subject of a bitterly contested takeover bid from T. Cowie, went into the market again on Friday and purchased a further 30,000 shares of Ewer on behalf of associates at 56½p.

This compares with the basic offer price of 52½p or 55p if the Eastern Tractors deal falls through. Listing for the new Ewer shares in connection with its purchase of Tractors is expected to be granted tomorrow.

LLOYDS & SCOTTISH

S. G. Warburg and Co. announces that its offer of 2.36m new ordinary 20p shares in Lloyds and Scottish at 126p per share on behalf of Lloyds Bank and The Royal Bank of Scotland has been accepted by other shareholders, in respect of 1.92m new shares, or 81.4 per cent of the new shares offered.

On this basis, the two banks will renounce in equal proportions, 1.92m new shares in favour of accepting shareholders and will retain the balance. Each bank will then hold 39.26 per cent of the share capital of Lloyds and Scottish.

Craig & Rose behind

A fall of £18,000 to £315,000 in pre-tax profits is reported by Craig and Rose, paint manufacturer, for 1979. At halfway profits were marginally ahead at £120,694 compared with £117,391.

After tax of £161,000 against £173,000, stated earnings per £1 share are down from 156.59p to 150.9p, and the final dividend is raised from 24.302p to 30p making the total 42.5p, which includes a special payment of 10p. Last year's total was 26.402p.

Turnover for the year rose from £4.04m to £4.2m.

New members for London Discount Mkt.

Messrs. Page and Gwyther and Messrs. Gerald Quin Cope and Co. have been elected to membership of the London Discount Market Association.

Page and Gwyther was established as a partnership in 1863 and in 1972 the firm was constituted a limited company. It now has an issued share capital of £1.5m. The company's activities embrace the full range of sterling negotiable instruments with particular emphasis on the discounting of Bills of Exchange.

Gerald Quin Cope and Co. was established in 1892 and in 1972 the banking and discount broking firm was converted to a private limited company. Its capital was increased by £700,000 on May 19 this year and resources now exceed £1.5m.

SHARE STAKES

C. H. Bailey—Mr. C. H. Bailey, director, has disposed of 89,000 ordinary shares.

J. E. England and Sons (Wellington)—Walter Duncan and Goodricke increased its holding to 755,000 shares (15.1 per cent).

REPORTS TO MEETINGS

Simon Engineering facing short term difficulties

ALTHOUGH IT was extremely difficult to assess even the next two years, Simon Engineering would be striving to maintain its profit growth record in 1980 and the Board was confident about the group's longer term future, said Mr. Harry Harrison, the chairman, at the annual meeting.

The immediate future would be very difficult and this year's trading so far indicated that a number of the group's UK companies had deteriorating order prospects.

Simon was in certain industry sectors that should "buck the trend" and its overseas companies would be contributing strongly, but exporting from the UK would be very tough and was bound to have its effect, Mr. Harrison said.

However, the group would be doing its best by taking positive and aggressive action to try to win orders available, at the same time maintaining its emphasis on keeping its technology up to date.

The serious world trade outlook, aggravated for some group companies by international political unrest, would inevitably have an effect on its performance over the next two years.

During last year over £16m was invested or re-invested in a variety of projects, with the group pursuing its policy of growth partly through entering new but related fields and partly through strengthening its existing mainstream activities. The chairman said this effort was continuing in 1980 and it was possible that last year's scale of investment might be exceeded.

At other annual meetings, the chairmen made the following remarks:

Mr. George McWatters said that despite the difficulties caused by the steel strike, high interest rates and the strong pound, trading profits of Ward White Group for the first four months of this year were at about the same level as for the corresponding period last year.

The group's overseas interests were performing satisfactorily and, given an upturn in trade in the UK in the second six months, he was hopeful of reporting a satisfactory full-year outcome.

Difficulties had centred on the group's Northamptonshire factories, where the majority of its men's leather footwear was made, but steps had been taken to rationalise this particular activity into fewer and larger units, taking account of the longer-term interests of the group.

The acquisition of the Childs Corporation of the U.S. had "considerably strengthened" the group balance-sheet, and Mr. McWatters expected the company to make an important contribution to group profits.

Following this acquisition, turnover of the overseas division, plus export sales, would represent 42 per cent of group sales. This had been achieved without any deterioration of the group's balance sheet which would augur well for growth prospects in future years.

At a time when corporate results generally were under pressure, Allied Plant Group continued to surmount the difficulties that beset business today, Mr. Michael Heathcote told members.

With trading in all group divisions at a high level in the first five months of the year, the Board was confident that the rising trend in earnings and assets per share could be maintained.

Having recently completed the acquisition of M. Walker and Son, Hull-based heating and plumbing engineer, the group continued to look at opportunities for expansion, by acquisitions that would strengthen existing activities and through diversification into allied fields.

Mr. Philip Panto, head of the tobacconist, confectionery and grocery concern, P. Panto and Co., warned that although urgent steps were being taken to rectify the loss-making situation, he did not anticipate the company returning to profitability until, at the earliest, 1981, but more probably the following year.

Capper Neill orders good

DESPITE THE continuing UK market depression and to a lesser extent the world recession, Capper Neill, process plant group, has started the current year with an encouraging order book for all its major companies, says Mr. W. P. Capper, the chairman, in his annual statement.

The rationalisation plans being implemented and the more settled national labour conditions prevailing are leading to a discernible improvement in business, which is likely to be reflected in second-half results for the current year.

As reported May 30, an increase in interest charges from £0.64m to £1.16m led to pre-tax profits for the year ended March 31, 1980 showing an 8 per cent fall to £5.06m.

On a CCA basis, adjusted pre-tax profits are shown as £1.79m (£3.98m). At the available level, current cost profits of £0.9m are insufficient to cover the total dividend payment of £1.21m, this being mainly due to substantially increased inflation and interest rates.

Meeting, Manchester, July 10, at 11.30 am.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Burlington Northern takeover delayed

By Our Financial Staff

THE U.S. Supreme Court has refused to allow Burlington Northern's acquisition of the St. Louis-San Francisco Railway Company to go ahead. The takeover will now await a decision on an appeal against an injunction restraining the merger granted by the fifth circuit Court of Appeals in New Orleans.

Burlington Northern said it was hopeful that the court of appeals would hand down an early and favourable decision which would uphold the merger proposal.

The merger, which will create the biggest railway in the U.S. with assets of more than $3.75bn and some 30,000 route-miles, was approved by the Interstate Commerce Commission after three years of deliberation.

Last month the circuit court granted injunctions against the merger after complaints were filed by the Missouri-Kansas-Texas Railroad Company. Missouri-Kansas was joined in its petitions by Soo Line Railroad Company, which had been denied access to the expanded railroad and refused rights to acquire certain grain-gathering lines when the ICC granted its approval in April.

FTC to ease curb on sale of Arco's Anaconda assets

BY DAVID LASCELLES IN NEW YORK

THE FEDERAL trade commission is planning to relax the conditions it imposed on Atlantic Rhichfield's disposal of some of its Anaconda Copper subsidiary's assets to enable three foreign companies to enter the bidding.

Under an anti-trust settlement reached last year, Arco, the large West Coast oil company, must sell within five years various interests of Anaconda, the large copper company it acquired in the mid-1970s. But under the original order, the FTC barred any company with more than 10 per cent of the U.S. copper market from acquiring the divested interests. It also specifically excluded Noranda Mines and Inco, both of Toronto, and Anglo-American's Canadian subsidiary.

This ruling was protested as discriminatory by Noranda, and the FTC evidently heeded its argument. The commission is now proposing to lift that ban, though the public has 30 days to comment before the order become final. However, the three Canadian companies will not automatically become eligible to bid: they will still have to seek FTC approval.

The interests in question include Arco's 50 per cent share of Anamax, an Arizona mining venture, and various copper properties in Nevada and Montana.

The total value of the divestiture was set last year by Arco at $573m. However, the company has already sold its interests in inspiration Consolidated Copper

The Canadian Companies have said they are pleased with the FTC's new stance, but will reserve comment until the situation become clearer.

Tough going at Union Carbide

BY IAN RODGER

MR. WILLIAM SNEATH, chairman of Union Carbide Corporation, would be "very pleased" if the company's 1980 profit was only slightly lower than the $556.2m attributable earnings or $8.47 a share earned in 1979.

In London for the listing of the large U.S. chemical, metals and consumer products company's 72.5m shares on the Stock Exchange, Mr. Sneath recalled stating in the last annual report that it would be difficult to match 1979 earnings this year.

"I still feel that way despite an extremely strong first quarter," he said, noting the suddenness with which the recession has gripped the U.S.

Reported profits, however, will probably show an increase due to recent changes in the company's accounting policies, mainly to extend depreciation schedules.

Net income in the first quarter of 1980 before the accounting change was $219.9m or $3.32 a share on sales of $2.6bn, compared with $124.6m or $1.91 a share on sales of $2.2bn. After the accounting change, net income in the current period was $437.2m or $6.60.

Earnings for the whole of 1979, if restated for the accounting change would be $10.23 a share compared with a reported $8.47 a share.

CANADIAN FEDERAL POLICY ON DEVELOPMENT

Aid for Michelin, snub for Quebec

BY ROBERT GIBBENS IN MONTREAL

TWO RECENT decisions by the Canadian Government on funding for development and expansion plans have thrown up a paradox. On the one hand the Government has granted funds to Michelin, the French multinational tyre group, and on the other it has refused support for a mining group owned by the Quebec Government.

The Federal Government is to provide C$ 56m (U.S.$) to Michelin for the construction of a third tyre plant and the expansion of two existing plants, but the Quebec plans for building a salt mine in the Magdalen islands, in the Gulf of St. Lawrence, will not receive Federal aid. The Magdalen islands unemployment levels are not as severe as those in Nova Scotia.

Michelin's C$400m expansion has been planned for more than a year and will extend the range of tyres it produces in Nova Scotia from truck tyres to those for cars, creating a further 1,200 jobs.

The Federal Government's regional expansion grants are applied to high unemployment areas and are geared to the number of new jobs created and a project has to be completed before a grant is disbursed.

Nova Scotia, one of the Maritime provinces, has relatively high unemployment—and more than a decade ago it was Federal grants which helped to sway Michelin towards locating truck tyre and steel mesh plants in Nova Scotia, rather than Quebec. At the time, the company was nervous of the mood of the unions in Quebec and preferred the Maritimes site because of the ease of transportation to the U.S. market. But as it turned out Michelin had severe problems with the Nova Scotia construction unions, and said it would never build in Nova Scotia again.

After setting up in Nova Scotia Michelin invested several hundred million dollars in the south-eastern U.S., while it raised its share of the North American tyre market to more than 5 per cent. Ignoring its past vow, Michelin's next move was to expand in Nova Scotia, despite a U.S. countervailing duty on its exports from Canada, but only after persuading the Nova Scotia Government to pass the "Michelin Bill" in the provincial legislature. The Bill effectively limited the power of unions in the existing tyre plants.

The site for the Quebec salt mine in the Magdalen Islands is inhabited mainly by fishermen and cannot be said to have serious unemployment as the St. Lawrence fisheries are growing again after a decade of decline.

The mine, costing about C$60m, has been a pet project of the separatist Parti Quebecois Government. The Federal refusal of a grant has touched a tender nationalist nerve as the mine would have supplied the Quebec Government with all the salt it needs to melt snow on the roads in winter for the next 50 years as well as some economic stimulus.

Existing mines in Ontario and Nova Scotia would not have been allowed to bid on uebec contracts and Ottawa regarded this asQ a threat to the traditional freedom of rade between the provinces. With slower growth and political pressures to protect jobs, barriers to interprovincial trade in Canada have been rising significantly recently and each province now has a special purchasing policy giving preference to local labour. Such policies increasingly are being used against fellow-Canadians, rather than as a form of protection against foreign competitors.

Wider lending role suggested for IMF

By Our Euromarkets Staff

AN AMERICAN economist being acquainted with the problems of Third World debt has suggested that the International Monetary Fund should consider expanding its lending resources by raising funds in commercial markets. In a speech to international bankers in Cannes, Dr. Irving Friedman, senior international adviser at First Boston Corporation, said the IMF should have resources far in excess of $100bn.

This compares with present resources of some $70bn.

Dr. Friedman, who held senior positions with both the IMF and the World Bank before moving into investment banking, said that only a large increase in the IMF's resources would enable the Fund to play a major part in balance of payments financing.

This would be a desirable development in view of the growing size of the deficits being chalked up by developing countries.

But at the same time Dr. Friedman believed that commercial banks would continue to channel increasing amounts of money to deficit countries. He was much more optimistic than many other private bankers about the system's ability to recycle OPEC surplus funds.

Many developing countries would continue to be able to borrow very large sums from private banks totalling much more than their external debt servicing requirements, Dr. Friedman said. This was despite their already large current external debt, he added, citing countries such as Brazil, Mexico, Korea, Taiwan, Venezuela and Indonesia.

These countries may well have to accept higher spreads on syndicated loans, but they were aware of the crucial need to maintain their credit worthiness by meeting debt service obligations promptly.

Banks would be keen to participate in this lending business and the volume of international bank lending should increase markedly in the foreseeable future, Dr. Friedman said.

Federal Paper Board confident on outlook

By Our Financial Staff

FEDERAL Paper Board expects net income for the second quarter ended June 14 to be better than the net of $6.5m, or 96 cents a share, in the second quarter last year, according to Mr. John R. Kennedy Jr., president.

Mr. Kennedy said sales for the second quarter are also expected to exceed last year's returns of $99.4m. Second-quarter earnings should also top the company's net for the first quarter of this year of $6m, or 84 cents a share, on sales of $110m.

The company's bleached board and pulp business "is quite good," said Mr. Kennedy, and its folding cartons business is more profitable this year than last. But he added that there was now a softening of demand for the company's recycled board business. The company also is just beginning to see the impact of the recession in its orders and backlog.

Holiday Inns lifts forecast

By Our Financial Staff

HOLIDAY INNS which, with more than 1,700 company managed and franchised inns, constitutes the world's largest chain lodging operation, expects higher income per share from continuing operations in the second quarter and six months of 1980, Mr. Michael D. Rose, the president said.

Earlier this year the company indicated that it expected income from continuing operations to improve for the second quarter but that income per share might be down slightly. This was because of the increase in shares following the February acquisition of Harrah's, which operates hotel and gaming facilities in Reno and Lake Tahoe, Nevada.

Holiday Inns said the expected increase would come from the continued strong performance of the hotel and casino operations, substantially improved results from steamship operations, and a reduction in the company's annual income tax rate.

First quarter net income rose from $16.9m to $23.2m on revenue of $317.1m compared with $268.6m. Net income per share came to 67 cents against 54 cents.

In 1979 the group lifted net income by almost 56 per cent to $71.3m equal to $2.25 a share on revenue of $1.11bn against $935.8m.

The company also said it has budgeted for about $200m of capital spending in 1980 and it expects an annual average of between $200m and

Peugeot-Citroen to raise $400m revolving credit

BY PETER MONTAGNON

THE FRENCH car manufacturer PSA Peugeot-Citroen is raising a $400m revolving credit from a group of international banks under the management of Lazard Freres, Morgan Guaranty and Ste Generale.

The credit bears a spread above Libor of ½ per cent throughout its eight-year life. There is a commitment fee of ⅛ per cent and a grace period of 5½ years.

Half the proceeds will be used to refinance a $200m facility arranged for Peugeot-Citroen in February 1978. That credit, also for eight years, bore a spread of ⅝ per cent over Libor.

The company now considers spreads have reached a point where refinancing becomes attractive. At the same time it is anxious to profit from today's favourable market conditions to stock up on funds.

Banks who co-managed the previous loan are being asked to participate again in the current $400m transaction, though the transaction is not limited to them exclusively.

These banks are Banque Nationale de Paris, Banque de Paris et des Pays Bas, Credit Lyonnais, Bank of America, Chase Manhattan, Cie Financiere de la Deutsche Bank, and International Westminster Bank.

The Peugeot financing is only the second major borrowing this year in the medium-term credit markets by a French borrower. In April, Credit National mandated Credit Lyonnais and Caisse des Depots to raise $70m over 10 years at a split spread of ⅜-½.

These fine spreads underline the attractions to banks of lending to borrowers in low-risk Western European countries at present. Peugeot also has the advantage of being a high quality corporate borrower, a relatively rare phenomenon on the medium-term credit market.

Continental Illinois expected to make its Eurobond debut

BY FRANCIS GHILES

CONTINENTAL ILLINOIS, the largest bank in Chicago and the seventh largest in the U.S., is expected to announce its first Eurobond later today. The nominal borrower is Continental Illinois Overseas Finance NV and the bond will be guaranteed by the parent corporation.

Lead managers of the issue will be Continental Illinois Ltd, which is also running the books, and Goldman Sachs.

The $150m issue is for six years with an interest rate of 9¾ per cent, terms which put it on a par with organisations such as the European Investment Bank and the World Bank, which are currently raising bonds carrying the finest terms in the market.

The bonds will be able to be called at par after five years. The bond is the second dollar issue which Continental Illinois has managed in recent months.

Straight dollar bond prices were very quiet in secondary market trading yesterday with most prices slightly easier or unchanged on the day. In the floating rate note sector prices are holding up well. Yesterday the Venezuelan state steel corporation, Sidor, launched a $50m eight year floating rate serial note through Citicorp.

The note carries a coupon of ⅝ per cent above the six-month London interbank rate, with a minimum interest rate of 6½ per cent.

In the Deutsche Mark sector prices were unchanged in thin trading, in advance of today's holiday. Westdeutsche Landesbank launched a DM 100m 10-year issue carrying a coupon of 8½ per cent for the Mortgage Bank of Denmark and is expected to launch a convertible issue for the Japanese company Sharp next week.

A guilder denominated private placement for Heineken amounting to Fl 75m has been arranged through Algemene Bank Nederland. The borrower is paying a coupon of 10 per cent for seven years.

Figures just released by Morgan Guaranty in its May issue of International Financial Markets show that the total volume of Eurobonds raised during the first five months of this year declined to the equivalent of $7.6bn compared with the equivalent of $8.2bn for the same five months last year.

Despite this decline the volume of dollar denominated issues rose from $3.6bn to $5.5bn while that of Deutsche Mark denominated bonds declined over the same period from the equivalent of $2.1bn to $1.2bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	94	94½	−0⅛	0	11.04
Australian Res. 9⅝ 84	30	96½	97	−1⅛	−0½	10.62
Beneficial Fin. 9¾ 87...	100	96⅝	96⅞	−0½	+0¼	10.71
CECA Grad. Rate 12 86	100	100	100⅜	0	+0¼	11.13
CECA 11⅜ 90	50	101⅛	101⅞	+0⅛	+1½	11.33
CECA 11½ 88	100	103⅜	103⅝	−0⅛	+1¼	10.83
Canadian Pacific 9¾ 89	50	95⅛	95⅝	+0⅛	+0½	10.57
Carter Hawley 9¾ 86 ...	50	94¾	95¼	0	+0⅝	10.92
Continental Grp. 9⅝ 88	100	95⅝	96⅛	+0⅛	+0⅝	10.58
Denmark 11¼ 90	100	102	102½	+0⅝	+1⅛	11.36
Dome Petroleum 13½ 92	50	105⅝	106⅛	+0⅛	+1⅛	12.51
EEC 11 95	75	98⅜	99¼	+0⅝	+0⅞	11.13
EIB 11¾ 92	80	100¾	101¼	−0⅛	−0⅛	11.56
EIB 13¾ 90	100	109⅞	110⅜	−0⅛	−0⅛	11.94
Eksportfinans 11⅛ 87 ...	50	102⅛	102⅝	+0⅛	+1	10.79
Export Dv. Cpn. 9¾ 84	150	98⅞	99½	+0½	+1⅛	10.07
Export Dv. Cpn. 12¾ 87	100	107⅜	107⅞	−0⅛	+0¼	11.10
Federal Dev. Bk. 12¼ 85	75	105¾	106¼	−0¼	+0¼	10.61
Finland, Rep. of 9½ 86	100	94¾	95¼	—	—	10.69
Ford O/S Fin. 12⅝ 85...	250	102⅛	102⅝	+0⅛	+0¼	11.91
George Weston 13½ 87	30	103½	104	+1	+0½	12.65
GTE Finance 9¾ 89 ...	55	91	91½	−0⅜	+0½	11.34
GMAC 9¼ 86	100	94⅛	94⅞	+0¼	+0⅞	10.50
GMAC O/S Fin. 11 84	100	101⅜	102⅛	0	+0⅞	10.38
GMAC O/S Fin. 13⅛ 85	100	107⅜	107⅞	−0⅛	0	11.22
Goodyear O/S 12½ 87...	75	100	100½	−0⅛	+0⅝	12.44
IBM Canada 10½ 85 ...	50	101⅞	102⅜	—	—	9.94
ICI Fin. Ned. 11 83...	100	101⅜	101⅞	−0⅛	+0¼	10.33
Kennecott Int. 9½ 86...	100	90⅛	90⅝	+1⅛	+1¼	11.84
McGraw 13½ 85	75	104⅛	104⅝	+0⅝	+1⅛	12.23
Michelin 10 94	125	93	93½	−0¼	+0⅛	10.95
Nat. Des. Telecm. 9½ 86	100	96¾	97¼	0	+1	10.19
Norway 9½ 84	105	98¼	98¾	+0⅛	+0⅞	9.97
Norwest Ind. 13⅝ 87 ...	50	102½	103	−0⅛	+1⅝	12.96
Nova Scotia Pwr. 9¾ 89	50	94	94½	−0⅛	+1⅛	10.78
Quebec, Hydro 11½ 92	100	99⅝	100⅛	—	—	11.52
Roylease Ltd. 11⅛ 85	50	102	102½	0	−0⅛	10.65
SNCF 12⅛ 85	50	107⅛	107⅝	−0⅛	+0⅝	10.37
Statoil 9⅝ 89	100	95⅝	96⅛	+0¼	+1⅛	10.34
Swed. Ex. Cred. 12½ 85	40	104⅜	104⅞	+0¼	+0⅝	11.20
Sweden 9¾ 89	100	94⅞	95⅜	+0⅝	+1⅛	10.62
Sweden 9¾ 84	100	98⅜	98⅞	−0½	+0⅝	10.15
Warner-Lambert 9 84...	100	97⅛	97⅝	+0⅝	+1⅞	9.81

Average price changes On day +0⅛ on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102½	103¼	+0⅛	+0½	8.55
Asian Dev. Bank 10 90	200	109	109¾	+0½	+0⅛	8.55
Australian 8⅛ 90	250	100⅞	101⅝	0	−0⅛	7.93
BFCE 7¾ 87	100	98¾	99¼	+0⅛	+0¼	7.94
BFCE 8⅛ 85	100	99	99⅝	+0⅛	+0¼	8.19
Brazil 8 87	150	92⅞	93⅝	+0⅛	−2¼	9.33
CECA 7 91	150	94⅛	94⅞	+0⅝	+2¼	7.76
Council of Eur. 7¾ 89	100	94	94¾	0	−0⅛	8.16
Denmark 7⅞ 86	100	97⅞	98⅞	−0⅛	+0⅛	8.23
Denmark 8¾ 92	100	99⅜	100⅛	+0⅛	+0⅛	8.26
EEC 7⅞ 94	225	98½	99¼	+0¼	+0½	8.00
EIB 7½ 89	200	97¼	98	−0⅛	−0¼	7.88
Finland Rep. of 8 86 ...	150	98⅛	98⅞	−0⅛	+0⅛	8.29
Kobe, City of 7⅛ 89...	150	95	95¾	0	−0⅞	7.84
Neder. Gasunie 8 86 ...	100	100⅞	101⅝	0	+0⅝	7.73
Norway 9½ 84	150	99⅛	99⅞	−0⅛	+0⅛	7.62
OKB 7¾ 89	100	95½	96¼	−0¼	−0¼	8.03
Oslo, City of 8¾ 90 ...	80	101½	102½	+0½	+0⅝	8.43
Sweden 9¾ 87	200	106⅞	107⅜	+0⅛	+0⅛	8.39
World Bank 7¾ 91	400	97⅛	97½	−0⅛	−0⅛	8.10
World Bank 7⅞ 90	250	98	98¾	+0⅛	0	8.11
World Bank 10 86	150	107⅞	108⅝	+0¼	+0½	8.17
World Bank 10 90	200	109⅝	110⅜	+0⅛	0	8.46

Average price changes...On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	95¼	95¾	0	−0⅛	6.16
Aumar 5 89	60	92¾	93¼	+0¼	−1	6.02
Bergen, City of 4¾ 91...	40	†95½	96	0	−0⅞	5.26
Bergen, City of 6 90...	50	†103	103½	+0¼	0	5.57
BNDE 5 89	75	88¼	88¾	+0½	+0¼	6.73
BMW Overseas 4⅞ 91...	100	92¼	92¾	−0¼	−0½	5.14
Buhrm'n-Tetterode 7 90	40	105¼	105¾	+0¼	−0⅛	6.25
Caisse Nat. Tele. 4¾ 89	100	95⅛	95⅞	+0⅝	+0⅝	4.98
CCCE 5¾ 90	100	101⅝	102⅛	+0¼	−0¾	5.47
Copenhagen 4½ 91	60	90½	91	−0⅛	+0½	5.63
Council of Eur. 5 89...	100	95⅜	95⅞	+0⅝	+0⅛	5.61
EIB 4½ 91	100	92	92½	0	−0½	5.45
EIB 4½ 94	100	88⅛	88⅝	+0⅛	+1¼	5.51
Elet. de France 4⅞ 89...	100	94½	95	−1⅛	−0¾	5.11
ENTB 4¼ 89	100	91½	92	−0½	−0⅛	5.39
Hilti 4½ 91	35	94⅝	95⅛	+0⅝	0	4.84
Int.-Amer. Dev. 4½ 89	100	93¼	93¾	0	−0⅛	5.42
Int.-Amer. Dev. 7 90...	80	106⅛	106⅝	0	0	6.10
Jutland Tele. 5½ 90	50	100⅝	101⅛	+0¼	+0⅛	5.38
Malaysia 5 89	80	90	90½	+0½	0	6.42
Nippon Tel. & T. 4⅛ 89	100	94⅞	95⅜	−0⅛	+0⅛	4.91
Nordic Bank 5 89	45	95⅝	96⅛	+0⅛	−0⅛	5.57
Norges Komm. 4⅞ 91...	100	92½	93	−0¼	+0⅛	5.24
OKB 4¾ 91	100	91¾	92¼	−0¼	+0⅛	5.33
OKB 6 90	100	104½	104⅞	+0½	+0⅛	5.41
Oslo, City of 4¾ 91 ...	100	90⅝	91⅛	+0½	+0⅛	5.47
Shikoku El. Pwr. 4¾ 89	100	94½	95	0	+0½	5.49
Voest-Alpine 4⅞ 89	90	95½	96	−0⅛	−1¼	5.36
World Bank 4⅝ 89	100	†95½	96	+0½	−0⅛	5.22
World Bank 4⅝ 89	150	92¾	93¼	+0⅛	+0½	5.35
World Bank 4⅝ 91	100	†92½	93	0	−0⅛	5.49

Average price changes...On day 0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91¾	93	−0⅛	+0¼	8.33
Australia 6½ 88	20	89⅜	90⅛	+0¼	+0⅞	8.32
EIB 7¾ 89	12	95½	97¼	+0⅛	+2¼	8.32
Finland 5.6 83	10	91½	92¼	−0½	−0⅛	8.53
Finland 6.8 88	10	89¾	90⅝	−0½	+0½	8.65

Average price changes... On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅛ 86 C$	60	95⅜	96⅛	+0⅝	+1	11.68
CIBC 13½ 85 C$	50	105½	106	+1½	+1⅛	11.87
Cr. Foncier 10⅛ 84 C$	30	†92½	93½	0	0	12.56
Fst. Can. Inv. 10 84 C$	50	94⅞	95⅜	−0¼	+1⅛	11.67
GMAC 12 85 C$	50	†100½	101	−0⅛	+0⅛	11.78
Quebec 10¼ 86 C$	60	93	95	0	+1	11.71

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
R. Bk. Canada 10 86 C$	40	94¼	94⅝	−0⅝	+0⅛	11.35
R. Bk. Canada 10 94 C$	40	89¼	89⅝	+0⅛	+0⅛	11.73
Tordom Cpn. 13½ 85 C$	30	105½	106	+1½	+1⅝	11.87
M. Bk. Dnmk. 9.91 EUA	25	94⅞	95¼	0	−0⅛	9.65
SOFTE 8⅜ 89 EUA	40	88⅞	89⅛	+0⅛	+0¼	10.48
U. Bk. Nrwy. 9½ 90 EUA	18	97¼	99	−0¼	+0⅛	9.75
Algemene Bk. 8¼ 84 Fl	75	96⅝	97⅛	−0⅛	−0⅛	9.15
Ned. Gasunie 8⅜ 84 Fl	50	98⅜	98⅞	0	−0⅛	9.09
Ned. Middbk. 8¼ 84 Fl	75	95⅞	96⅜	−0⅛	−0⅛	9.49
Norway 8¼ 84 Fl	100	96⅞	97½	−0⅛	−0⅛	9.25
Norway 8⅜ 84 Fl	100	97¼	97¾	0	−0½	8.98
Philips Lamps 8¼ 84 Fl	75	96⅞	97⅜	−0⅛	−0⅛	9.20
Air France 11 84 FFr	120	95	95¾	0	+0½	12.43
CECA 14⅛ 86 FFr	150	104⅝	105⅛	0	+0¼	12.94
Euratom 9¾ 87 FFr	150	83⅞	84⅜	−0⅛	−0⅛	13.36
Finland 11 84 FFr	80	93⅝	94½	−0⅛	0	12.80
Finland 11½ 88 FFr	70	†93½	94¼	+1½	+1½	12.60
Gaz de France 11 84 FFr	150	93⅝	93¾	0	−0⅛	12.75
IBM France 11⅞ 84 FFr	120	97¾	98¼	−0¼	+0½	12.50
Renault 9¾ 85 FFr	100	86½	87¼	0	+1	13.41
Saint-Gobain 9¾ 86 FFr	130	85	85¾	+0⅛	+0¼	13.48
Solvay et Cie 9¾ 87 FFr	125	82⅞	83⅜	+0⅛	+0⅝	13.62
Beneficial Fin. 14⅛ 90 £	20	98⅛	98⅝	+0⅛	+0⅛	14.36
Citicorp O/S 13½ 90 £	50	98⅝	99	+0⅝	+0½	13.70
EIB 11½ 91 £	25	91½	92	+0¼	0	12.95
Fin. for Ind. 12½ 89 £	30	96⅝	97⅛	+0⅛	+0⅛	13.08
Fin. for Ind. 14½ 88 £	20	107⅜	107⅞	+0⅝	+0⅞	12.94
Gen. Elec. Co. 12⅛ 89 £	50	96⅞	97⅜	−0⅛	−0⅛	13.04
Swed. Ex. Cr. 15⅛ 85 £	20	103⅛	103⅝	+0¼	+0⅝	14.16
Indonesia 8¾ 91 KD ...	7	†93	93½	0	0	9.77
Mitsubishi 7½ 84 KD ...	10	†92¼	93	0	0	9.74
Norges Kom. 7⅞ 89 KD	12	†93¼	93⅞	0	0	8.55
Occidental 8¾ 91 KD ...	7	†90¼	90⅞	0	0	9.69
Akzo 9¾ 87 LuxFr	500	93¾	94½	+0⅛	+0⅛	10.44
Euratom 8 87 LuxFr	500	88⅞	89⅞	+0⅝	+1½	10.24
Euratom 9¾ 88 LuxFr ...	500	97⅜	98⅜	−0⅝	+0⅝	10.27
EIB 9⅝ 88 LuxFr	600	97¼	98¼	−0⅝	+0⅝	10.17
Volvo 9¾ 87 LuxFr	500	96⅞	97⅜	+0⅛	+0⅛	10.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0¼	97⅝	98⅛	2/7	15⅛	15.45
Banco di Roma Int. 6 87	0¼	100⅜	100⅞	26/10	15.31	15.22
Bank of Ireland 5¾ 89	‡0⅛	98⅛	98⅝	21/8	11.81	11.99
Bank of Tokyo 5¾ 89	‡0⅛	97⅞	98⅜	25/10	16.56	16.88
Barclays O/S Inv. 5 90	0⅛	98⅛	98⅝	13/12	9⅝	9.78
Bergen Bk. A/S 6 89...	‡0⅛	97¼	97¾	29/8	10	10.26
Bqus. Indo Suez 5¾ 89	0¼	98¾	99¼	11/7	14.69	14.84
Citicorp O/S F. 6 94 ...	‡0¼	98½	99	8/8	10⅛	10.25
Citicorp O/S F. 83 ...	$‡0	99	99½	23/8	10.19	10.26
Citicorp O/S F. 84	‡0	98¾	99¼	30/6	9.81	9.96
C. Itoh 5¾ 87	0⅛	101⅛	101⅝	18/8	19.44	19.17
Co-operative Bk. 6 86...	0⅛	98⅛	98⅞	15/11	11.44	11.60
Creditanstalt 5½ 91	$‡0⅛	97⅝	98⅛	14/9	9.44	9.64
CNT 5¾ 86	‡0⅛	101⅝	102⅛	16/10	18⅛	17.77
GZB 5½ 89	‡0⅛	98⅝	99⅛	1/8	15⅛	15.42
Jugobanka 8 89	0⅛	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¾ 87	0⅛	101⅛	101⅞	15/10	18⅝	18.45
LTCB Japan 5¾ 85	0⅛	98⅝	99⅛	13/12	9⅝	9.73
LTCB Japan 5½ 89	0⅛	98½	99	7/12	10⅛	10.25
Mfrs. Han. O/S 5¾ 94	‡0⅛	97⅝	98⅛	31/8	9⅝	10.09
Midland Intl. Fin. 5 89	0¼	99⅞	100⅜	20/6	15	14.98
Midland Intl. Fin. 5¾ 92	0¼	99⅛	99⅝	5/12	10⅞	10.94
Nacional Fin. 6¾ 86	0⅛	98¼	98¾	25/7	14.69	14.89
Nat. West. 5¾ 94	$0⅛	101⅛	101⅞	11/10	18⅝	18.33
Nippon Credit 6½ 86	0⅛	97¾	98¼	12/7	14.44	14.73
Nippon Credit 5⅝ 87	‡0¼	97¾	98¼	6/8	14⅝	14.87
Royal Bk. Scot. 5¾ 94	$‡0⅛	98⅞	99⅜	11/7	19½	19.67
Soc. C. de Bque. 6½ 87	0⅛	101⅛	101⅝	3/10	20.06	19.79
Sogenal 5¾ 89	$0⅛	98¼	98¾	13/7	14.44	14.68
Standard Chart. 5⅛ 90	0⅛	101⅜	102⅛	6/9	17¾	16.91
Sweden 8¾ 91	‡0⅛	97¼	97¾	18/10	18⅝	19.10
Williams & Glyn 5¾ 91	0⅛	100⅞	101⅜	14/9	18½	18.29
Bq. E. d'Alq. 4¾ 89 SF	0⅛	85	86	18/8	6.69	7.82

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89...	10/79	145	†119	120	+3½	−6.72
Ajinomoto 7¼ 95	2/80	615.5	106¾	107½	−1⅛	−3.36
Alco Int. Fin. 8½ 94 ...	1/80	40	95	96	−0⅛	37.02
Apache I. Fin. 8¾ 95...	12/80	31.68	112	113½	−2	38.87
Asahi Optical 7 94	11/79	526.1	100½	101	−0⅝	−1.39
Canon 6¾ 94	8/79	570	112⅝	113⅝	+1½	−0.93
Credit Suisse 4¾ 93 ...	10/79	1278	101⅞	103⅜	−0⅛	−2.38
Daiei Inc. 6½ 94	11/78	927.3	97⅞	98⅝	−0⅛	21.24
DDKK 11 90	4/80	324	114⅛	115	−0⅛	18.51
Dynalectron 9½ 95	8/80	12.22	104	105½	−1	30.40
Ensearch Fin. 9½ 94	7/80	38.25	113	113½	+0⅛	−4.74
LPC Internatnl. 8 89 ...	9/78	23.33	†101	102½	+1⅛	24.09
Meidensha Elec. 7 94...	12/79	210	100⅝	101⅛	+0⅛	−8.67
Mitsubishi Cp. 6½ 94...	10/78	549.1	130⅝	131⅝	+0⅛	−5.26
Nippon Seiko 7¼ 94	12/79	339	†113⅝	114⅝	−2	−4.15
Nitto Elec. Ind. 6 94 ...	7/79	735	80½	82	−2	1.97
Toshiba Cpn. 7¾ 94 ...	10/79	198	101⅛	101⅞	−0⅛	−2.51
Union Bk. Switz. 5 89...	2/80	121.4	97⅛	98⅛	+0⅛	1.44
Fujitsu 5 84 DM	7/79	475	101½	102½	+0⅛	9.22
Kansai Elec. 4 84 DM ...	4/79	1234	86⅛	87⅛	+0⅛	35.87
Uny Co. 6½ 85 DM	11/79	1071	95½	96½	+0⅛	28.41

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

MIXED RESULT FROM WestLB

Profits lifted on overseas strength

BY ROGER BOYES IN BONN

A DROP in domestic net profits was recorded by Westdeutsche Landesbank (WestLB) last year. The bank is continuing to suffer from the West German banking malaise of severely squeezed interest rate margins. However, because of the buoyant overseas business, consolidated profits rose and the bank turned in a fairly satisfactory result.

That was the mixed picture—best described as one of enlightened pessimism—painted by Dr. Johannes Voelling, chairman of WestLB, at the bank's annual news conference in Dusseldorf. Domestic net profits reached DM 121m ($68.95m) compared with DM 137m in 1978 and total assets amounted to DM94.5bn ($54.36bn), an increase of 10 per cent. Business volume increased to DM 130.4bn, against DM 120.7bn in 1978.

This saga is now a familiar one among the top West German banks. Rising money market rates and the continuing tight monetary policies of the Bundesbank have taken their toll of the bank's interest surplus. Meanwhile, administrative costs have been soaring—last year, WestLB's staff and operating expenses grew by 6.3 per cent to over DM 700m.

The relative good fortune of WestLB's overseas business — steadily expanded during the late 1970s — has been the bank's main solace. The WestLB group — that is, including its Luxembourg subsidiary, WestLB Asia and the Banque Franco-Allemande, in which it has a 70 per cent stake — recorded a balance sheet total of DM103.6bn, 11 per cent up on 1978. Despite a lower interest surplus — margins are under siege in overseas business as well — WestLB increased group net profits to DM188m against DM152m. This was largely because of increased earnings in the foreign exchange section.

The early expansion overseas — WestLB has been far more ambitious on foreign markets than other Landesbanks — is thus beginning to pay off. The bank has used its wide overseas network to handle a number of overseas credits at favourable rates and thus compensate for the poor margins on Euromarkets.

WestLB is well up with the big three — Deutsche, Dresdener and Commerzbank — as far as the international loan business is concerned. The bank led and co-managed 113 syndicated loans in 1979 compared with 84 in the previous year. The total volume of syndicated loans actually lead-managed by the WestLB amounted to DM23bn. The bank was among the top world banks last year, both as an issuing house and in the Deutsche Mark foreign issue sector.

Dr. Voelling sees some brighter glints on the horizon but he believes that the pressure on interest margins is now a fixed element and not a transitional phenomen.

He believes that construction financing could well improve in the coming year and the bank's role in the financing of the two Atucha nuclear power stations (to be sold to Argentina) will also have a beneficial effect on the 1980 result. Nonetheless, WestLB executives are not expecting this year's earnings to exceed those of 1979.

Investment plans limit growth at SEV

By Terry Dodsworth in Paris

HIGH DEPRECIATION charges tied to a heavy investment programme limited the growth of profits last year at SEV, the French vehicle electrical company. Net consolidated revenue went up by only 6.3 per cent from FFr 41.6m ($9.9m) in 1978 to FF 44.2m, said the company yesterday.

By contrast, group consolidated turnover continued to increase rapidly, going up by 15.6 per cent to FFr 2.8bn. A significant portion of this advance was attributable to expansion overseas, where turnover went up by almost 26 per cent to reach a quarter of total sales.

The company's high rate of investment is reflected in last year's figures, which show expenditure of FFr 221m, or about 8 per cent of turnover. SEV says that 70 per cent of the investments were financed out of depreciation, with cash flow rising by 20 per cent to reach FFr 200m.

SEV is part of Valeo group, formerly called Ferodo, which embraces France's main component manufacturing interests. Among the company's trade marks are Cibie, Marchal and Paris-Rhone.

Recently the company became involved in Ducellier, the French vehicle electrical group in which Lucas of the UK has a half interest. Talks are now going on with the British group on the reorganisation of the Ducellier product line.

Surge in sales at Nixdorf

By Kevin Done in Frankfurt

NIXDORF, the West German computer group, has started the current year strongly with an increase of 43 per cent in new orders taken in the first five months of the year.

The group, which is still expanding rapidly, appears confident of following closely the sales successes of the last three years, when turnover increased each year by more than 20 per cent.

Worldwide sales, including rental and service income, last year increased by 23 per cent to DM 1.25bn ($715m), while after-tax profit totalled DM 85m ($48.5m).

The group's workforce is also being built up rapidly to cope with the expanding workload, and more than 800 additional employees have been engaged in the first five months of the year, taking the group workforce to more than 12,000.

At the end of May the group's order book was standing at DM 1.2bn, an increase of some 40 per cent. According to Herr Heinz Nixdorf, chief executive of the family-controlled group, product price increases in the computer sector will be unavoidable later this year.

AEG-Telefunken, West Germany's second largest electrical and electronics group, has also taken a small step towards expanding its interests in computer technology with a part acquisition in the U.S. It has taken a 10 per cent interest in the Ontel Corporation, in Woodbury, New York, for $3.5m.

Ontel, which is a specialist in the manufacture of screen computer systems that can be freely programmed, expects a turnover this year of some $30m, up from $23m in 1979.

AEG is putting two members on the supervisory board of Ontel and is aiming at a joint product development programme, which will pay particular attention to the demands of the European market.

AEG, which has been preoccupied in recent years with dealing with the financial crisis that brought it close to collapse in 1979, has been slow to enter the U.S. electronics market.

By contrast, Siemens, the biggest West German electronics group, has bought more than six companies in the U.S. in the past year at a total cost of some $100m, although it too has only a tiny share of the U.S. market.

A major part of the AEG recovery strategy is to increase its local manufacturing presence in foreign markets, particularly in the U.S., where it is dangerously under-represented. Last year its U.S. sales totalled only DM 150m.

Its first important engagement in the U.S. high technology market was completed earlier this year, when it spent $30m on acquiring a 25 per cent interest in Modcomp, a computer company.

● Herr Heinz Duerr, the chairman of AEG-Telefunken, said that the company would reduce its domestic workforce by 7,000 in 1980 from 125,000 at the end of 1979, Reuter reports from Hamburg. The company said that further reductions would be inevitable in subsequent years in areas where microelectronics was gaining a foothold.

Herr Duerr said that energy saving devices, minicomputers and terminal screens were areas in which he foresaw progress.

Van Gelder sees higher losses

BY CHARLES BATCHELOR IN AMSTERDAM

VAN GELDER PAPIER, the Dutch paper maker, expects higher losses this year but foresees an improvement in 1981. This follows the net loss of Fl 54.9m ($29m) last year on sales which were marginally higher at Fl 815m ($424m).

Crown Zellerbach, the U.S. paper group which has a 50 per cent stake in Van Gelder, has written off its entire interest which had previously been valued at $33.9m. Crown took this step in the light of the Dutch group's poor performance over the past five years, but has no plans to sell its holding.

Van Gelder faces an exceptionally difficult year with the proposed restructuring of its paper division likely to have little or no effect on the 1980 result. The market for paper products is sombre and further increases in energy and raw material prices have occurred in the past few months, it said in its annual report.

The running-in problems of a number of paper-making machines have lasted longer than expected, and a newsprint company in which Van Gelder has an 80 per cent share is expected to make a substantial loss. The remaining divisions, which include packaging, trading, and fibre products, are expected to improve their performance, though this will not compensate for the losses on paper making.

Van Gelder's problem is the overcapacity in most sectors of the paper market coupled with competition from integrated pulp and paper makers which have lower production costs.

The group expects to be able to carry out necessary restructuring over the next two years, helped by the "breathing space" allowed by its financiers. It has mortgaged its assets to its creditors and recently gained approval from bond holders to delay the repayment of a Fl 50m loan.

Van Gelder plans to concentrate newsprint production at one site and wood-free paper-making at two factories. Its packaging and other paper activities will also be reviewed.

Van Gelder made an operating loss of Fl 45.5m last year following a profit of Fl 23m in the year before. It made investments worth Fl 46.1m compared with Fl 15.4m. Shareholders' equity fell to Fl 195m from Fl 266m, while borrowed assets rose to Fl 263m from Fl 226m.

Borregaard reports good start

BY FAY GJESTER IN OSLO

BORREGAARD, the Norwegian industrial group prominent in wood processing and food production, reports pre-tax profits of NKr 42.6m ($8.8m) in the first four months of 1980, an increase of NKr 18.6m on the same period a year earlier.

Group sales in January-April were worth NKr 1bn, 12 per cent up on January-April 1979, if sales in that period by the group's Austrian mills are disregarded (the mills were sold by Borregaard, effective July 1 last year). The increase affected sales of all the group's main products, but was most marked for chemicals.

Borregaard's interests span foodstuffs, edible oils and fats, textiles, chemicals, forest products, printing, cosmetics and toiletries, and mining and metals.

Looking ahead, the group's report predicts that results for 1980 as a whole may turn out to be somewhat weaker than for 1979. The final eight months of last year saw a considerable improvement in sales and profits from January-April but this trend is unlikely to be repeated in 1980, in view of the present international economic situation.

Group liquidity and net financial costs continue to develop favourably, however. New loans have not been taken up and investments have been financed from the group's own resources.

Capital expenditure during the first four months of 1980 totalled NKr 38.4m, compared with NKr 52.5m in the same period of 1979. Major projects now in hand, or in the planning stage, include a new drying machine for pulp and a new factory for products based on sulphite waste liquor, both at the group's facility in Sarpsborg, East Norway.

A new factory for frozen foods is being built near Fredrikstad. In addition, Borregaard subsidiary, Denofa-Lilleborg, is substantially expanding its detergent factory in Oslo, and modernising its edible fats factory at Fredrikstad.

The group is considering further involvement in chemicals and petrochemicals.

Fiat makes changes at IVECO

BY PAUL BETTS IN ROME

MR. JACQUES VANDAMME, the chief of IVECO, Fiat's commercial vehicle concern, has resigned, Fiat confirmed in Turin yesterday. But the company, Italy's largest private enterprise, declined to comment on reasons for the sudden resignation of Mr. Vandamme.

He is to be replaced by Sig. Giorgio Manina, who has been a senior executive of Fabbri, the Fiat-controlled Italian publishing concern, as well as of the Rinascente department store group in which IFI, the Agnelli Fiat family company, holds the single largest stake. Sig. Manina was previously with the Olivetti electronics and office equipment group.

The changes at the top of IVECO appear to reflect broader changes taking place inside the Fiat group as a whole at a time when the giant Turin conglomerate is returning to a more centralised form of leadership structure.

These changes coincide with growing anxieties over Fiat's car and truck manufacturing operations, which reported a combined loss of L105.4bn ($127.29m) last year, although Fiat SpA, the parent holding company, reported a profit of L39.4bn in 1979.

In the case of IVECO, the problem has been complicated by the decision earlier this year of the West German Kloeckner-Humboldt-Deutz (KHD) concern to withdraw from IVECO by selling back to Fiat its 20 per cent shareholding in the commercial vehicles group.

Fiat, which is now seeking another foreign partner for IVECO is understood to be planning to take KHD to arbitration because of disagreements over the price the Italian group is to pay for the West German company's 20 per cent shareholding. But, at this stage at least, Fiat appears hopeful that an agreement over the price can be reached before the case is taken to arbitration.

According to the original deal which led to the IVECO joint venture between Fiat and KHD, the West German group had the option to pull out of the venture after five years.

German bank expands

BY OUR FRANKFURT CORRESPONDENT

The West German co-operative bank, Deutsche Genossenschaftesbank, has expanded overseas by following several other German banks to Singapore, Hong Kong and Tokyo. The DG Bank is the central institution of more than 4,400 urban and agricultural co-operative banks in the Federal Republic.

In recent years it has been mounting a major effort to catch up with other leading West German banks by opening up its own branches in important financial centres.

The branch in Hong Kong will concentrate its business on export financing, commercial foreign business, money markets and foreign exchange. The Singapore branch will give the bank direct local access to the Asian dollar market, while the representative office in Tokyo is being aimed primarily at building contacts with German companies investing in Japan

The DG Bank already has branches in the Cayman Islands, New York and Los Angeles, but in the U.S. it has come under attack in recent weeks because of its steadfast refusal to take part in the financial rescue deal for Chrysler,

New York subsidiary for GAN

FRANCE'S THIRD ranking nationalised insurance group, Groupe des Assurances Nationales (GAN), said it had been authorised to set up a subsidiary in New York, AP-DJ reports from Paris.

The new unit is to be called GAN-Anglo-American Insurance Company, in which the French company will have a 66 per cent interest and the UK company, Minster Insurance, 34 per cent. GAN owns 40 per cent of Minster.

GAN-Anglo-American has been authorised to deal in all insurance activities with the exception of life insurance. But M. Guy Verdell, the president of GAN, said that his group planned either to set up another subsidiary or to acquire an existing U.S. life insurance company at a later date.

It will be the second French nationalised insurance group to enter the U.S. market. The first was Assurances Generales de France

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Credit Foncier de France, the French bank, plans to launch a FFr 3bn ($733m) 15-year domestic bond next week with a 14 per cent coupon, Reuter reports from Paris.

The par-priced bond yields a gross 13.92 per cent at issue and has an average life of 10.3 years.

Credit Suisse rejects Bozzo claim

BY JOHN WICKS IN ZURICH

THE ITALIAN industrialist, Mr. Ferdinando Bozzo, has called on the Zurich commercial court to declare the Swiss bank Credit Suisse, bankrupt. This unusual move has been taken in connection with a claim made by Mr. Bozzo against the bank for SwFr 52.3m ($32.5m) in respect of shares in the Italian milling company, Molini Certosa.

Credit Suisse says it is "unmoved" by the claim. The bank says Mr. Bozzo appeared with a lawyer at its Berne branch last Friday and demanded SwFr 50m. At this, the bank called the police. Credit Suisse says that the shares in question no longer belong to Mr. Bozzo but were taken over by the bank under a legal right.

The Zurich bank has had a 95 per cent stake in Molini Certosa since 1977, when it became known that loans had been made to the Italian company by a former Credit Suisse deputy general manager in excess of his authority. Early in 1978, Molini Certosa's debts were given as some L4bn ($4.83m at current exchange rates)—the result of real estate investments by the former management, production interruptions and wheat transactions.

In January 1978, Mr. Bozzo unsuccessfully started proceedings with the Milan Public Prosecutor's office against Dr. Oswald Aeppli as chairman of the Credit Suisse board.

Frankfurt listing for Barlow Rand

By Jim Jones in Johannesburg

BARLOW RAND, the South African mining and industrial group with an annual turnover of R3bn ($3,869m) is to be listed on the Frankfurt Stock Exchange on Thursday. The group is already quoted on six other exchanges, Johannesburg, London, Paris, Brussels, Antwerp and Salisbury.

The rationale behind the move is that as a large international company Barlow Rand needs exposure in the world's major capital markets. With a Frankfurt listing, the group expects to become better known in Germany, which will facilitate any future capital raising exercises in European money markets.

Despite significantly higher gold revenues, South Africa's projected economic development for the remainder of this century means the country will remain a relatively large importer of long-term capital. In the near-term, it has also become clear that the country's economic performance is leading many manufacturing operations into a period of significantly higher working capital demand, with a growing need for short-term debt in spite of fast improving taxed profits.

FUGIT to increase dividend

By Our Financial Staff

FIRST UNION General Investment Trust (FUGIT), a member of the Liberty Life Group, has reported estimated net profits of R5.45m ($7.04m) for the six months ending June 30, compared with R3.46m for the same period of 1979, for all of 1979 net profits came to R6.82m.

The company has lifted the interim dividend from 3.50 cents to 4.50 cents and is forecasting a total of 10.5 cents for the full year compared with 8.5 cents. Estimated first half earnings a share show an advance from 5.47 cents to 7.23 cents. Earnings for all 1979 reached 9.79 cents a share.

As at June 11 the net asset value per ordinary share stood at 237 cents. This compares with 144 cents a year ago and 209 cents at end 1979.

Surge at Pan Malaysia Cement

By Wong Sulong in Kuala Lumpur

PAN MALAYSIA CEMENT Works, the major cement manufacturer, has reported a sharp increase in profits as a result of the 33 per cent price increase in cement allowed by the Government last September. The result comes after several years of sluggish earnings.

Pre-tax profit for the group for the year ending March rose by over 60 per cent to 14.2m Ringgit (U.S.$ 6.7m), while after-tax earnings were 47 per cent higher, at 7.8m Ringgit.

The group is raising its final dividend to 10 per cent, making a total of 15 per cent for the year, compared with 10 per cent previously.

Net earnings per one Ringgit share came to 35.4 cents, but based on last week's closing price of 7.8 Ringgit, the yield is only 1.9 per cent.

PMCW is controlled by the prominent Malaysian businessman, Datuk Khoo Kay Peng, and like other companies controlled by Datuk Khoo, PMCW shares have experienced a sharp appreciation in recent months, rising from 4.7 Ringgit at the start of the year.

Joint venture for Barlow Boustead

By Emilia Tagaza in Manila

BARLOW, Boustead Estates Agency, the Malaysian agricultural estate management concern, is teaming up with a Filipino group for the development of a US$ 14m rubber plantation project in Mindanao, southern Philippines.

The Filipino group is composed of C. B. Filipinas Tire Manufacturing Corporation and the Southern Philippines Development Administration, a Government development agency.

Striking improvement in first-half results at Sony

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

SONY CORPORATION yesterday reported strikingly improved sales and profit figures for the first half of its fiscal year—ending April 30. Consolidated sales were up 48 per cent to Y436bn ($2bn), while operating income rose 96.6 per cent to Y67.9bn ($314m). Net profits increased still more spectacularly by 342 per cent to Y34.9bn.

The depreciation of the yen contributed heavily to the profitability of the company's sales (75 per cent of which are outside Japan). The lower yen value which prevailed during the period also increased the value of foreign currency denominated sales when translated into yen for accounting purposes. Sony says that in the second quarter, about 14 points of a 49 per cent sales increase was the result of yen depreciation, while the remainder resulted from volume increases. It attributed the higher volume of its sales to "stable consumer demand" and the competitive strength of Sony products.

Overseas sales during the six-month period grew by 71 per cent rate over year-ago levels, leaving behind the domestic market where a more moderate 17 per cent increase in turnover was registered. Even in terms of local currencies Sony reports a 40 per cent sales rise in the U.S.—accounting for roughly one-third of total turnover—and a 60 per cent increase in the EEC. Apart from these major traditional markets the company made rapid progress in developing new sales areas. A case in point was the Middle East where colour television sales alone grew by 80 per cent.

The main "pillars" of Sony's sales effort in the first half were TV sets (27 per cent of total sales, up 52 per cent) and video tape recorders (18.6 per cent of the total, up 66.9 per cent). Sony says it is now confident of selling 2.4m TV sets during the whole of the current fiscal year compared with sales of 2.05m sets last year. Sales of video tape recorder sets should rise from last year's figure of 550,000 to 800,000. The rest of Sony's turnover is composed of radios and tape recorders (up 40 per cent and accounting for 16 per cent of the total) and audio equipment (12 per cent of sales, up 22 per cent).

Sony says that the outlook for sales and profits for the full fiscal year is hard to predict, in part because of doubts about future yen exchange rates. It forecasts tentatively, however, that sales will touch Y850bn, while net income will reach about Y60bn. Both figures would be sharply up on the levels of 1979 while not quite maintaining the record of the first-half through the year as a whole.

In view of its good results, Sony is paying an interim dividend of Y15 per share (up Y2.5 on the year-ago level). The sharp improvement in the company's performance seems to have found favour with foreign investors who had increased their holdings of Sony shares to 18 per cent of the total outstanding at the end of April compared with 12 per cent last October. Sony still has to go a long way, however, to recapture the position in 1972 when foreign investors held 47 per cent of its stock.

HONG KONG STOCK MARKET

Caution despite sharp advance

BY DAVID DODWELL IN HONG KONG

THE HONG KONG Stock market's Hang Seng index leapt last week to 978.07, its highest level since 1973, and rose yesterday to 981.12. But amid the excitement, a number of brokers are treating the rise with caution.

In contrast to the flambuoyant mood that has lifted the index by more than 100 points in the past two weeks, there is a school of opinion that sees the market as fundamentally weak.

The flurry started almost two weeks ago, after three extremely quiet trading days. A story went around that the powerful Hongkong and Shanghai Banking Corporation was about to bid for the minority interest in its subsidiary, the Hang Seng Bank.

Shares in both banks shot up, and, given their heavy weighting, carried the Hang Seng Index with them.

Prices in Hong Kong rise—and fall — much further and more suddenly than in London or New York. The Hang Seng index peaked in 1973 at 1,774.96, but when the slump set in, the index did not stop falling until it reached 150.11.

While no-one is predicting such a slump in the months ahead, there are enough worrying factors for investors to move with caution. First property prices — which have a potent effect on stock market prices generally—have been sluggish, with numerous signs that prices could fall from recent highs.

Second, high interest rates, though reduced twice in the past month, remain high.

In addition, deepening recession in the U.S. is bound to leave its mark on the Hong Kong economy. The U.S. is Hong Kong's leading export market.

This comes at a time when the Hong Kong stock market itself is undergoing change. Since 1972, Hong Kong has had four separately operating stock exchanges. In order to regulate them better, the Government has pressed the exchanges into amalgamating as a single large exchange.

The Government is convinced that this will improve the status of Hong Kong as a financial centre. Mr. Ulsdein McInnes, the Colony's Commissioner for Securities, said recently: "We think competition should be between brokers, not exchanges."

The Government has pressed for amalgamation since the slump of 1973-75, and has finally decided to use its legal powers to force unification.

The Hong Kong Government is pressing another reform on the financial community. It feels that the present takeover code, which allows an investor to buy up to 50 per cent of the shares in a company before having to make a formal bid, needs tightening.

JAPANESE NEWS

Corporate operating profits up

TOKYO — THE JAPANESE Finance Ministry said in its quarterly survey report on corporate business activities that operating profits of major Japanese companies for the January-March quarter rose by 35.5 per cent from a year earlier, after a year-on-year growth of 32.9 per cent in the preceding quarter.

The survey covered 17,034 companies, excluding banks and insurance firms, with capital of over Y10m, whose combined operating profits stood at Y6.760bn ($31.2bn).

Retailers and wholesalers scored the highest gain, with operating profits up by 71.1 per cent, followed by manufacturing firms with a rise of 39.3 per cent and service industries with a 38.5 per cent increase. Operating profits of electric power companies fell by 80.7 per cent.

Combined sales in the quarter rose by 27.2 per cent to Y156,000bn, after a 20.5 per cent increase in the preceding quarter.

The ratio of operating profits to sales improved to 4.3 per cent from 4.1 per cent in the preceding quarter.

Capital outlay for plant and equipment during the quarter totalled Y4,810bn, up 12.9 per cent from a year earlier, after an eight per cent gain the preceding quarter.

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MARUBENI CORPORATION, the Japanese trading house, is to offer 30m shares of new capital stock through public subscription here at the current market price in August. Subscriptions will start from August 12 and continue to August 14, with payment to be made on August 25.

The issue price of new Y50 par value shares will be decided by early August, depending on the stock market price. Marubeni closed at Y364 in Tokyo yesterday.

The company said that its capital will be increased by Y1.5bn to Y39.47bn (equivalent to $182m) with the new issue.

The money raised will be used for overseas coal development and other energy resources development projects.

Marubeni has also announced that it plans a five-for-100 scrip issue on March 31 next year.

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The Japanese Finance Ministry is offering Y150bn (equivalent to $693m) of three-year medium-term national bonds in a Dutch-style auction to close at noon on June 18.

Under the auction the Ministry will accept bids starting with the lowest yield, until the accepted amount reaches Y150bn.

The Ministry will announce the results of the auction on June 20, and will issue on June 27.

In April and May, the Ministry issued Y250 bn of three-year bonds through ordinary auction, under which bidders are asked to submit their purchase prices for bonds with an 8.4 per cent coupon, and bids were accepted, starting with the highest bid price, until the accepted amount reached the planned total.

● Mitsui Osk Lines, the Japanese shipping company, raised its after-tax profit by 15.8 per cent to Y3.59bn ($16.6m) in the year ended March 31, from Y3.10bn in the previous year.

Sales rose 30 per cent to Y416.89bn ($1.9bn).

The dividend is unchanged at Y4 a share.

● Nippon Yusen Kaisha, another Japanese shipping company, raised its after-tax profit by 17.5 per cent to Y3.89bn, for the year, from Y3.31bn. Sales rose 26.8 per cent to Y454.22bn, from Y358.26bn.

Agencies

CURRENCIES, MONEY and GOLD

£ and $ rise

Sterling and the U.S. dollar improved in currency markets yesterday in very quiet trading. Trading in sterling was minimal with the better than expected trade figures having only a small impact. On Bank of England figures, the pound's trade weighted index rose to 73.9 from 73.6, having stood at 73.7 at noon and 73.5 in the morning. Against the dollar it opened at $2.3425 and eased initially to a low of $2.3370 before coming back to $2.3400 around noon. It stayed around this level until the trade figures pushed up the rate to $2.3460. Soon after, it steadied at $2.3440 but eased on dollar demand towards the close to $2.3405-$2.3415, a fall of just 10 points from Friday's close.

The dollar started with a rather softish undertone but improved steadily in line with a firmer trend in Euro-dollar rates. Currency quotations reflected in part the rather thin trading conditions which gave rise to movements on fairly small amounts dealt. Against the D-mark, the dollar finished at DM 1.7660, compared with DM 1.7555 on Friday, and SwFr 1.6300 from SwFr 1.6145 in terms of the Swiss franc. It was slightly weaker however against the Japanese yen, slipping to Y215.90 from Y216.40. On Bank of England figures, the dollar's trade weighted index rose from 83.0 to 83.1.

D-MARK — Showing renewed strength against the dollar, and steady within the European Monetary System, following firmer rates in Frankfurt and lower U.S. interest rates—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed higher at DM 1.7635 compared with DM 1.7536 at Friday's fixing. The U.S. unit was well up from its opening level of DM 1.7526, reflecting a rise in Euro-dollar deposit rates and commercial demand. However trading seemed likely to fade away with just some position squaring ahead of today's national holiday. Within the EMS, the D-mark was slightly weaker overall. The French franc rose to DM 42.965 per FFr 100 from DM 42.89, and the Belgian franc was firmer at DM 6.244 per BFr 100 compared with DM 6.242. Sterling rose to DM 4.1240 from DM 4.1100.

BELGIAN FRANC — Remaining firm within EMS despite easing of interest rates by Belgian authorities—The Belgian franc was mostly weaker at yesterday's fixing in Brussels, although it improved against the D-mark and Italian lira. The French franc rose to BFr 6.88 from BFr 6.871 and the Danish krone was higher at BFr 5.167 compared with BFr 5.1575. Sterling rose to BFr 66.125 from BFr 65.87, and the dollar was fixed higher at BFr 28.265 against BFr 28.1075 previously.

DANISH KRONE — Generally weak within the EMS, suffering two devaluations since March 1979—The Danish krone was mostly firmer after yesterday's fixing in Copenhagen, with the D-mark easing to DKr 3.1085 from DKr 3.1125 and the Belgian franc lower at DKr 19.41 per BFr 100 from DKr 19.44. The Dutch guilder fell to DKr 2.8370

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. More recently lower U.S. interest rates have helped the yen recover — The dollar closed at Y215.55 against the yen in Tokyo yesterday, in generally quiet trading, and was little changed from the opening rate of Y215.60 and Friday's close of Y215.525. News that Japan's trade deficit narrowed in May came too late to affect trading. The dollar moved within a fairly narrow range, with business subdued to some extent by Parliamentary elections.

THE POUND SPOT AND FORWARD

June 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3370-2.3460	2.3405-2.3415	1.57-1.47c pm	7.79	4.40-4.30 pm	7.43
Canada	2.6785-2.6915	2.6870-2.6880	1.05-0.95c pm	4.47	3.20-3.10 pm	4.69
Nethlnd.	4.49½-4.54½	4.52½-4.53½	2⅞-1⅞c pm	6.29	7⅝-6⅝ pm	5.96
Belgium	65.70-66.25	66.10-66.20	18-8c pm	2.36	43-33 pm	2.30
Denmark	12.75-12.82	12.81-12.82	1½-3ore dis	−2.11	6⅞-8⅞ dis	−2.30
Ireland	1.1010-1.1070	1.1055-1.1065	0.02pm-0.03dis	−0.11	0.20-0.15 pm	0.63
W. Ger.	4.10-4.14½	4.13¾-4.14¼	3½-2½pf pm	7.61	7½-6½ pm	6.77
Portugal	113.60-114.40	114.00-114.20	par-30c dis	−1.58	10pm-110dis	−2.10
Spain	163.45-164.05	163.90-164.00	55-105c dis	−5.86	125-205 dis	−4.03
Italy	1939-1953	1950½-1951½	1½-3½lire dis	−1.54	10½-12½ dis	−2.36
Norway	11.29½-11.36	11.32½-11.33½	8¾-6¾ore pm	7.94	20¼-18¾ pm	6.88
France	9.57-9.64	9.62-9.63	4¼-3¼c pm	4.68	10½-9½ pm	4.16
Sweden	9.68-9.74	9.92-9.73	3½-2½ore pm	3.70	6¼-5¼ pm	2.42
Japan	503-510	505-506	1.95-1.55y pm	4.15	6.65-6.25 pm	5.10
Austria	29.20-29.45	29.40-29.45	18-14gro pm	6.63	50-40 pm	6.12
Switz.	3.77-3.83	3.81¼-3.82¼	4-3c pm	11.00	11½-10½ pm	11.13

Belgian rate is for convertible francs. Financial franc 66.65-66.75. Six-month forward dollar 6.75-6.65c pm. 12-month 10.20-10.10c pm.

THE DOLLAR SPOT AND FORWARD

June 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3370-2.3460	2.3405-2.3415	1.57-1.47c pm	7.79	4.40-4.30 pm	7.43
Ireland†	2.1160-2.1260	2.1170-2.1190	1.45-1.35c pm	7.93	4.45-4.35 pm	8.31
Canada	1.1455-1.1485	1.1478-1.1481	0.37-0.42c dis	−4.13	0.77-0.82 dis	−2.77
Nethlnd.	1.9300-1.9350	1.9325-1.9340	0.17-0.27c dis	−1.36	0.73-0.83 dis	−1.61
Belgium	28.20-28.28	28.24-28.26	12-14c dis	−5.52	35-38 dis	−5.17
Denmark	5.4640-5.4740	5.4720-5.4735	4.30-4.80ore dis	−9.98	13½-14 dis	−10.05
W. Ger.	1.7520-1.7675	1.7665-1.7685	0.05-0.15pf dis	−0.68	0.02-0.12 dis	−0.16
Portugal	48.68-48.90	48.78-48.88	33-43c dis	−9.34	90-140 dis	−9.42
Spain	70.04-70.11	70.04-70.09	75-90c dis	−12.85	180-200 dis	−10.85
Italy	832.30-833.80	833.20-833.60	6.25-7.25lire dis	−9.72	20-21½ dis	−9.96
Norway	4.8400-4.8440	4.8400-4.8410	0.3orpm-0.2ordis	0.12	0.55-1.05 dis	−0.86
France	4.1025-4.1140	4.1100-4.1120	1.00-1.10c dis	−3.06	3.30-3.50 dis	−3.31
Sweden	4.1530-4.1580	4.1540-4.1550	1.30-1.45ore dis	−3.97	5.30-5.45 dis	−5.17
Japan	215.40-216.50	215.85-215.95	0.70-0.85y dis	−4.31	1.30-1.45 dis	−2.55
Austria	12.545-12.577	12.561-12.571	0.95-1.55grodis	−1.19	3.50-5.30 dis	−1.40
Switz.	1.6110-1.6320	1.6295-1.6305	0.54-0.46c pm	3.68	1.52-1.46 pm	3.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

June 16	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.9	−32.2
U.S. dollar	83.1	−10.4
Canadian dollar	81.8	−16.0
Austrian schilling	156.4	+24.3
Belgian franc	115.9	+14.3
Danish kroner	107.4	−3.9
Deutsche mark	155.5	+44.3
Swiss franc	198.4	+79.4
Guilder	125.6	+19.7
French franc	101.4	−5.9
Lira	53.3	−50.9
Yen	131.5	+29.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

June 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.565836	0.610810
U.S. $	11	1.32652	1.43235
Canadian $	11.83	1.52010	1.64119
Austria Sch.	6¾	Unavail.	17.9044
Belgian F	14	37.2795	40.2598
Danish K	13	7.23441	7.80345
D'Mark	7½	2.32583	2.51077
Guilder	10	2.55184	2.75498
French Fr.	9½	5.42465	5.85903
Lira	16	1099.52	1187.42
Yen	9	285.159	308.672
Norwgn. Kr.	9	6.41010	6.91539
Spanish Pta.	8	92.7761	100.265
Swedish Kr.	10	5.49760	5.92655
Swiss Fr.	3	2.13736	2.31110

OTHER CURRENCIES

June 16	£	$		£ Note Rates
Argentina Peso	4279-4319	1835-1842	Austria	29.10-29.40
Australia Dollar	2.0225-2.0235	0.8640-0.8643	Belgium	66.15-66.80
Brazil Cruzeiro	118.09-119.09	50.61-50.81	Denmark	12.72-12.82
Finland Markka	8.4975-8.5075	3.6330-3.6350	France	9.55-9.61
Greek Drachma	100.020-102.345	42.70-42.90	Germany	4.105-4.135
Hong Kong Dollar	11.48-11.50	4.9110-4.9140	Italy	1905-1955
Iran Rial	n/a	n a	Japan	505-510
Kuwait Dinar (KD)	0.621-0.627	0.26695-0.26705	Netherlands	4.50-4.53
Luxembourg Frc.	66.10-66.20	28.24-28.26	Norway	11.28-11.37
Malaysia Dollar	4.9910-5.0020	2.1350-2.1380	Portugal	111.00-114.00
New Zealand Dlr.	2.3195-2.3220	0.9909-0.9919	Spain	158-165
Saudi Arab. Riyal	7.76-7.82	3.3300-3.3310	Sweden	9.70-9.78
Singapore Dollar	4.9440-4.9550	2.1150-2.1180	Switzerland	3.77-3.80
Sth. African Rand	1.8095-1.8110	0.7730-0.7737	United States	2.3350-2.3440
U A.E. Dirham	8.63-8.69	3.7000-3.7010	Yugoslavia	61.25-65.25

Rate given for Argentina is free rate

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.2613	+1.16	+0.40	±1.53
Danish Krone	7.08592	7.79647	+0.95	+0.19	±1.635
German D-Mark	2.51064	2.51403	+1.29	+0.53	±1.1325
French Franc	5.79831	5.85769	+0.18	−0.58	±1.35
Dutch Guilder	2.72077	2.75478	+0.41	−0.35	±1.5075
Irish Punt	0.662638	0.671807	+0.54	−0.22	±1.665
Italian Lira	1148.15	1787.50	+2.57	+2.32	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

June 16	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.341	4.138	505.5	9.625	3.818	4.530	1951.	2.688	66.15
U.S. Dollar	0.427	1.	1.767	215.9	4.111	1.631	1.935	833.4	1.148	28.25
Deutschemark	0.242	0.566	1.	122.2	2.326	0.923	1.095	471.5	0.650	15.99
Japanese Yen 1,000	1.978	4.631	8.185	1000.	19.04	7.552	8.961	3860.	5.317	130.9
French Franc 10	1.039	2.432	4.299	525.2	10.	3.966	4.706	2027.	2.792	68.73
Swiss Franc	0.262	0.613	1.084	132.4	2.521	1.	1.187	511.1	0.704	17.33
Dutch Guilder	0.221	0.517	0.913	111.6	2.125	0.843	1.	430.7	0.593	14.60
Italian Lira, 1,000	0.513	1.200	2.121	259.1	4.933	1.957	2.322	1000.	1.377	33.91
Canadian Dollar	0.372	0.871	1.540	188.1	3.581	1.420	1.685	726.0	1.	24.61
Belgian Franc 100	1.512	3.539	6.255	764.2	14.55	5.771	6.848	2949.	4.063	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JUNE 16)

3 month U.S. dollars		6 month U.S. dollars	
bid 9	offer 9 1/8	bid 9	offer 9 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

June 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	19¼-20¼	8⅝-8⅞	11-13	11-11¼	2-2¼	9⅜-9⅞	12¼-12½	15-17	—	11-11¼
7 days' notice	19¼-20¼	8⅝-8⅞	11-13	11-11¼	3-3½	9¾-9⅞	12¼-12½	15¼-18½	8 11/16-8 13/16	12¾-13
Month	17⅜-17⅝	9⅛-9⅜	12⅛-12⅞	10⅝-10⅞	5 5/16-5 9/16	9⅝-9¾	12 5/16-12 9/16	18-19¼	9 1/16-9 3/16	13-13⅛
Three months	16⅝-16⅞	9-9¼	11¼-11⅝	10⅝-10⅞	5⅜-5⅝	9 1/16-9 3/16	12 5/16-12 9/16	18-19	9-9⅛	11 7/16-11⅝
Six months	15-15¼	9-9¼	10½-10⅞	10¼-10½	5⅜-5½	8 11/16-8 13/16	12 7/16-12 11/16	17½-18½	9 1/16-9 3/16	10 1/16-10¼
One year	13 13/16-14 3/16	8⅞-9⅛	10¼-10⅝	10-10¼	5-5⅛	8¼-8¾	12 1/16-12 5/16	18-19	9 1/16-9 3/16	8⅞-9⅛

The following nominal rates were quoted for London dollar certificates of deposit: one-month 8.55-8.65 per cent; three-months 8.55-8.65 per cent; six-months 8.55-8.65 per cent; one year 8.40-8.60 per cent.

Long-term Eurodollar two years 10⅛-10⅜ per cent; three years 10⅜-10½ per cent; four years 10⅜-10⅝ per cent; five years 10½-10⅝ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates ease

Belgian short term interest rates continued to ease yesterday, as the authorities made further cuts in Treasury certificate rates. Figures published yesterday showed a current account payments deficit of BFr 21.5bn for the Belgo-Luxembourg Economic Union in February, compared with BFr 12.4bn in January. But the Belgian franc has been generally firm in the European Monetary System of late, allowing the Belgian National Bank to reduce domestic interest rates. Earlier in the year rates were pushed to record levels to protect the franc against its EMS partners.

Treasury certificate rates were cut by ¼ per cent yesterday, with one month falling to 15 per cent; two month 14¾ per cent; and three month 14½ per cent.

In Rome the Italian Treasury Ministry announced an offer of 11 trillion (million million) lira of Treasury bills at the next auction to take place at the end of this month, an increase of 1.75 trillion lira from the previous auction. The offer will consist of 3 trillion lira of three month bills; 6 trillion lira of six month; and 2 trillion lira of 12 month.

In Frankfurt interest rates had a softer tone. Call money was quoted at 9.90-10.00 per cent, compared with 9.90-10.10 on Friday; and one month at 9.85-10.00 per cent against 9.95-10.00 per cent. Three month eased to 10.00-10.15 per cent from 10.05-10.20 per cent; and six month to 9.60-9.75 per cent from 9.65-9.80 per cent 12 month funds were unchanged at 9.20-9.40 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12.13
Fed. Funds	9½-9¾
Treasury Bills (13-week)	8.18
Treasury Bills (26-week)	6.58
GERMANY	
Discount Rate	7.5
Overnight Rate	9.95
One month	9.925
Three months	10.075
Six months	9.675
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	12.4375
Three months	12.4375
Six months	12.0625
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.5625
Bills Discount (three-month)	13.6875

UK MONEY MARKET

Moderate help

Day-to-day credit was in short supply in the London money market and the authorities gave moderate assistance by buying a moderate number of Treasury bills and small local authority bills from the discount houses, and by lending a small amount to one or two houses at Minimum Lending Rate until Wednesday.

Banks brought forward run-down balances and repayment was made of the moderate amount borrowed on Friday. There was also a small excess of revenue payments to the Exchequer over Government disbursements. On the other hand, the market was helped by maturing Government stocks—3½ Treasury 77/80 and 5½ Funding 77/80—and by a small decrease in the note circulation.

GOLD

Weaker trend

Gold lost $12 an ounce in the London bullion market yesterday to close at $593-597. Trading was generally quiet and featureless, and after opening at $597-601, it failed to stay above the $600 level, being fixed during the morning at $599. After the opening of U.S. markets, gold fell to a low of $593-596, and showed little movement between then and the close of business in London.

In Paris the 12½ kilo bar was fixed at FFr 79,400 per kilo ($601.09 per ounce) compared with FFr 79,400 ($602.89) in the morning and FFr 79,250 ($602.26) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,975 per kilo ($600.03 per ounce) against DM 34,440 ($611.09) previously, and closed at $594-598 per ounce compared with $607-611

In Zurich gold finished at $594-599 per ounce against $604-609 previously.

	June 16		June 13	
Gold Bullion (fine ounce)				
Close	$593-597	(£253-255)	$605-609	(£258½-260½)
Opening	$597-601	(£255-257)	$610-614	(£259½-261½)
Morning fixing	$599.00	(£255.819)	$609.25	(£259.697)
Afternoon fixing	$595.00	(£254.252)	$608.40	(£259.634)
Gold Coins				
Krugerrand	$613½-616½	(£261¾-263¾)	$624-628	(£266½-268½)
Mapleleaf	$613½-617½	(£261¾-264¼)	$623-628	(£266-268½)
New Sovereigns	$151-152½	(£64½-65½)	$153½-155	(£65½-66½)
King Sovs	$178-180	(£76-77)	$181-183	(£77¼-78¼)
Victoria Sovs	$178-180	(£76-77)	$181-183	(£77¼-78¼)
French 20s	$157-160		$157-160	
50 pesos Mexico	$736-741		$752-757	
100 Cor. Austria	$587-592		$600-605	
$20 Eagles	$691-694		$688-692	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

June 16 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	16-17¼	16¾-16⅞	—	—	17	16¼-16⅞	—	—	—
2 days notice	—	—	17	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¾-17	17	—	17⅜	17¼	16⅝	—	—	—
One month	17 3/16-17 5/16	16 15/16-17	16⅞	17⅞-18¼	17¼	17⅜	16⅝	15 11/16	17½	17⅞
Two months	17⅛-17	16 11/16-16 15/16	—	17¼-17⅝	17⅛	—	16¼-16⅜	15 13/16	16 13/16	17¼
Three months	16 3/16-16 5/16	16 5/16-16⅝	16⅜	16 11/16-17⅛	17	17¼	16-16⅛	15⅞	16 11/16	16¾
Six months	15⅛-15	15⅛-15 5/16	15-15⅛	15-15⅛	15⅝	16½	—	—	15¾	15¼
Nine months	14-13⅞	14⅛-14 5/16	—	14⅛-15	14½	15⅛	—	—	—	—
One Year	13⅝-13½	13 13/16-14	14-14⅛	14-14¼	14¼	15⅛	—	—	—	—
Two years	—	—	13⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13¾ per cent; four years 13¾-13⅞ per cent; five years 13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅝ per cent; four-month trade bills 16½ per cent.

Approximate selling rate for one-month Treasury bills 15⅝ per cent; two-months 15 23/32 per cent; three months 15⅞ per cent. Approximate selling rates for one-month bank bills 17⅝ per cent; two-months 16 29/32 per cent; three-months 16⅝ per cent; one-month trade bills 17⅝ per cent; two-months 17 per cent; and three-months 16½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17½ per cent from June 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8340 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on June 16, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	101.50
Albania	Lek	10.11
Algeria	Dinar	8.966
Andorra	French Franc	9.605
	Spanish Peseta	163.975
Angola	Kwanza	66.232
Antigua (S)	E. Caribbean $	6.322
Argentina	Ar. Peso Free Rate	4,299
Australia (S)	Australian $	2.0225
Austria	Schilling	29.325
Azores	Portug. Escudo	114.20
Bahamas (S)	Ba. Dollar	2.3410
Bahrain (S)	Dinar	0.882
Balearic Isles	Spa. Peseta	163.975
Bangladesh (S)	Taka	34.52
Barbados (S)	Barbados $††	4.683
Belgium	B. Franc	(cm) 65.975
		(fn) 66.7
Belize	B $	4.685
Benin	C.F.A. Franc	480.25
Bermuda (S)	Bda $	2.3410
Bhutan	Indian Rupee	18.30
Bolivia	Bolivian Peso	58.5
Botswana (S)	Pula	1.825
Brazil	Cruzeiro ‡‡	118.59
Brit. Virgin Isles (S)	U.S. $	2.310
Brunei (S)	Brunei $	4.9495
Bulgaria	Lev	1.9590
Burma	Kyat	15.74
Burundi	Burundi Franc	208.675
Cameroon Republic	C.F.A. Franc	480.25
Canada	Canadian $	2.6875
Canary Islands	Spanish Peseta	163.975
Cape Verde Isle	Cape V. Escudo	85.42
Cayman Islands (S)	Cay. Is. $	1.9542
Cent. Af. Repub.	C.F.A. Franc	480.25
Chad	C.F.A. Franc	480.25
Chile	C. Peso	(Bk) 91.21
China	Renminbi Yuan	3.4100
Colombia	C. Peso	(F) 106.54
Comoro Islands	C.F.A. Franc	480.25
Congo (Brazaville)	C.F.A. Franc	480.25
Costa Rica	Colon	20.1359
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.809
Czechoslovakia	Koruna	(com) 12.20
		n.c24.28
		(T)20.48
Denmark	Danish Krone	12.815
Djibouti	Fr.	400
Dominica (S)	E. Caribbean $	6.322
Dominican Repub.	Dominican Peso	2.3410
Ecuador	Sucre	(O) 58.54
		(F) 65.49
Egypt	Egyptian £	(U) 1.65
Equatorial Guinea	Peseta	163.975
Ethiopia	Ethiopian Birr	(P) 4.7950
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.815
Fiji Islands	Fiji $	1.8890
Finland	Markka	8.5025
France	French Franc	9.605
French C'tyin Af*	C.F.A. Franc	480.25
French Guiana	Local Franc	9.605
French Pacific Is.	C.F.P. Franc	171
Gabon	C.F.A. Franc	480.25
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.1375
Germany (West)	Deutsche Mark	4.1375
Ghana (S)	Cedi	6.45
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	101.18

Place	Local unit	Value of £ sterling
Greenland	Danish Kroner	12.815
Grenada (S)	E. Caribbean $	6.322
Guadaloupe	Local Franc	9.605
Guam	U.S. $	2.3410
Guatemala	Quetzal	2.3410
Guinea Republic	Sily	43.683
Guinea Bissau	Peso	77.852
Guyana (S)	Guyanese $	5.9708
Haiti	Gourd	11.7075
Honduras Repub.	Lempira	4.70
Hong Kong (S)	H.K. $	11.49
Hungary	Forint	(com) 73.4284
		(T)(nc) 48.5718
Iceland (S)	I. Kronr	1,0705
India (S)	Ind. Rupee	18.30
Indonesia	Rupiah	1,462.19
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6929
Irish Republic (K)	Irish £	1.1060
Israel	Shekel	11.85
Italy	Lira	1,950.75
Ivory Coast	C.F.A. Franc	480.25
Jamaica (S)	Jamaica Dollar	4.1724
Japan	Yen	505.5
Jordan (S)	Jordan Dinar	0.680(sg)
Kampuchea	Riel	2,809.8
Kenya (S)	Kenya Shilling	17.025
Kiribati	Australian $	2.0225
Korea (Nth)	Won	1.9875(II)
Korea (Sth)	Won	1,401.65
Kuwait	Kuwait Dinar	0.624
Laos	Kip Pot Po	936.8
Lebanon	Lebanese £	7.9337
Lesotho	Loti	1.80965
Liberia	Liberian $	2.3410
Libya	Libyan Dinar	0.6932
Liechtenstein	Swiss Franc	3.8175
Luxembourg	Lux Franc	65.975
Macao	Pataca	12.41
Madeira	Portug'se Escudo	114.20
Malagasy Republic	MG Franc	480.25
Malawi (S)	Kwacha	1.86
Malaysia (S)	Ringgit	4.9965
Maldive Islands (S)	Mal Rupee	9.194
Mali Republic	Mali Franc	960.5
Malta (S)	Maltese £	0.7965
Martinique	Local Franc	9.605
Mauritania	Ouguiya ‡	96.16
Mauritius (S)	M. Rupee	17.70
Mexico	Mexican Peso	53.51
Miquelon	C.F.A. Franc	480.25
Monaco	French Franc	9.605
Mongolia	Tugrik	(o)6.185(II)
Montserrat	E. Caribbean $	6.322
Morocco	Dirham	8.72(sg)
Mozambique	Moz. Escudo	65.22
Nauru	Australian Dollar	2.0225
Nepal	Nepalese Rupee	28.074
Netherlands	Guilder	4.5275
Netherland Antilles	Antillian Guilder	4.1915
New Hebrides	Franc	152
	Aust. Dollar	2.0225
New Zealand (S)	N. Z. Dollar	2.3630
Nicaragua	Cordoba	23.39
Niger Republic	C. F. A. Franc	480.25
Nigeria (S)	Naira	1.255040 (sg)
Norway	Norway Krone	11.3375
Oman Sultate of (S)	Rial Omani	0.808
Pakistan	Pakistan Rupee	22.98
Panama	Balboa	2.3410
Papua N.Guinea (S)	Kina	1.6435
Paraguay	Guarani	294.66

Place	Local unit	Value of £ sterling
Peru	Sol	exc (A)648.95
Philippines	Philippine Peso	17.00
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3530
Poland	Zloty	(Cm)69.20
		(T)69.20
Portugal	Portugu'se Escudo	114.20
Port Timor	Timor Escudo	114.20
Puerto Rico	U.S. $	2.3410
Qatar (S)	Qatar Ryal	8.52
Reunion Ile de la	French Franc	9.605
Romania	Leu	10.48
		(n/c) T28.13
Rwanda	Rwanda Franc	220.16
St. Christopher (S)	E. Caribbean $	6.322
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.322
St. Pierre	Local Franc	9.645
S. Vincent (S)	E. Caribbean $	6.322
Salvador El	Colon	5.85
Samoa American	U.S. $	2.3410
San Marino	Italian Lira	1,950.75
Sao To'e&Principe	Dobra	80/075
Saudi Arabia	Ryal	7.79
Senegal	C.F.A. Franc	480.25
Seychelles	S. Rupee	14.45(sg)
Sierra Leone (S)	Leone	2.4150
Singapore (S)	Singapore $	4.9495
Solomon Islands (S)	Solomon Is. $	1.9010
Somali Republic	Somali Shilling	(A)14.093
South Africa (S)	Rand	1.80965
South West African Territories (S)	S. A. Rand	1.80965
Spain	Peseta	163.975
Spanish ports in North Africa	Peseta	163.975
Sri Lanka (S)	S. L. Rupee	37.07
Sudan Republic	Sudan £ (1)	1.8728
Sudan Republic	Sudan £ (2)	1.1705
Surinam	S. Guilder	4.1913
Swaziland (S)	Lilangeni	1.80965
Sweden	S. Krona	9.725
Switzerland	Swiss Franc	3.8175
Syria	Syria £	(A)9.185
Taiwan	New Taiwan	(P)84.294
Tanzania (S)	Tan. Shilling	18.9600
Thailand	Baht	47.45
Togo Republic	C.F.A. Franc	480.25
Tonga Islands (S)	Ha'anga	2.3410
Trinidad (S)	Trinidad & Tob. $	5.6196
Tunisia	Tunisian Dinar	0.923 (SG)
Turkey	Turkish Lira	181.94
Turks & Caicos	U.S. $	2.3410
Tuvalu	Australian $	2.0225
Uganda (S)	Uganda (S)	16.85
United States	U.S. Dollar	2.3410
Uruguay	Uruguay Peso	(cm)20.84
		(fn)20.84
Utd. Arab Emirates	U.A.E. Dirham	8.66
U.S.S.R.	Rouble	1.5250
Upper Volta	C.F.A Franc	480.25
Vatican	Italian Lire	1,950.75
Venezuela	Bolivar	10.04
Vietnam	Dong	(O)5.1121
		(T)4.8665(I)
Virgin Islands U.S.	U.S. Dollar	2.3410
Western Samoa S.	Samoan Tala	2.0922
Yemen (Nth)	Ryal	10.49(SG)
Yemen (Sth)	S. Yemen Dinar	(A)0.7989
Yugoslavia	New Yemen Dinar	53.7586
Zaire Republic	Zaire	6.732556
Zambia	Kwacha	1.81
Zimbabwe	Zimbabwe $	1.604

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 93.343. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

WORLD STOCK MARKETS

Wall St. recovers early losses

BY MIDSESSION Wall Street was narrowly lower in moderate trading, and stocks had begun to gain from earlier levels as morning profit-taking appeared to have run its course.

The Dow Jones Industrial Average, having earlier shed 2.48, was 0.59 up at 876.96, but declines still outpaced advances. The NYSE All Common Index, at $66.19, had added 6c. Volume was 24.2m (35m on Friday).

Weakness in American Telephone and General Motors, along with the profit-taking, kept averages under pressure early. Analysts said last Friday's report of a $2bn rise in the basic money stock should not alter expectations that interest rates will continue to retreat, though more slowly than in the past two months.

Volume leader American Telephone lost $1¼ to $53¾ after a late start. It plans to appeal against an order to pay MCI Communications $1.8bn in damages after a jury verdict in an anti-trust suit. MCI rose $1¼ to $9¼ bid, over-the-counter.

Active General Motors, which rose sharply last week, lost $⅝ to $48⅜ on profit-taking. Ford Motor rose $½ to $24¼.

U.S. Steel eased ¼ to $19. It will close most of its South Chicago works for two weeks because of slack orders. Bethlehem Steel slipped ⅜ to $21½ and Inland Steel ½ to $29¼.

Among interest-rate sensitive issues, active Citicorp eased ½ to $22¼ but Texas Utilities gained ¼ to $18¾. Commonwealth Edison ⅜ to $21⅝ and Philadelphia Electric ½ to $14¾.

Lower bullion prices pushed Precious Metal issues lower. Dome Mines lost $1½ to $81¼, Campbell Redlake $1½ to $41½ and Hecla Mining $1⅞ to $33¾. Brokerage shares were mixed after strong gains last week. Merrill Lynch rose ½ to $23⅜ and Bache ⅜ to $11½, but E. F. Hutton eased ½ to $25⅜ and Shearson Loeb Rhoades ⅞ to $32¼.

THE AMERICAN SE Market Value Index had shed 0.45 to 287.30, on volume of 2.75m (3.82m on Friday).

Closing prices for North America were not available for this edition.

Canada

The market was broadly lower at noon in fairly active trading. The Composite Index eased 13.6 to 2,037.5 and 10 of 14 sub-indices retreated. Metals and Minerals moved down 20.6 to 1,889.5, Golds 47.3 to 3,725.3 and Oil and Gas 54.9 to 4,513.5. Losses out numbered gains 205 to 118.

Oils had widespread losses as Imperial Oil "A" retreated C$1⅜ to C$42 and Texaco Canada C$1 to C$85½, while Gulf Canada at C$32½ and Shell Canada at C$32⅜ both eased ⅜. Dome Petroleum slipped ⅜ to C$78⅜.

Real Estate and Construction issues were unchanged to higher.

Among Golds, Giant Yellowknife dipped ¼ to C$20¼ while Camflo Mines at C$22⅜ and Kerr Addison at C$16⅜ each added ⅛.

Germany

Early firmness in leading equities continued during lively trading to leave the Commerzbank Index 7.10 points higher at 726.10.

There was wide buying interest for Banks and Chemicals. Linde shares were particularly in demand, closing at DM 310, up from DM 304.20, having traded as high as DM 312.5.

Dresdner led Banks up DM 4 to DM 191 and Bayer led Chemicals up DM 1.50 to DM 128.8.

In Motors, Daimler recovered a DM 1 early loss to close unchanged on DM 270, while Volkswagen added DM 3.4 at DM 183.4.

Brown Boveri led Metals up, rising DM 5 to DM 304. In Stores Karstadt firmed DM 2 to DM 231 and in Pharmaceuticals Schering advanced DM 3 to DM 195.

Against the trend, Hoesch shed DM 0.70 in otherwise higher Steels and Deutsche Babcock closed at DM 218, DM 1 down from Friday.

On the Domestic Bond market prices were mixed. The Bundesbank sold DM 7.5m net of paper after sales of DM 57.7m on Friday. Mark Eurobonds were steady.

Hong Kong

Share prices closed sharply higher on institutional demand, taking the Hang Seng Index up 11.96 to close at 981.12 — the highest since April 1973.

Among the market leaders, Cheung Kong firmed 30c to HK$14.70, Hong Kong Land 40c to HK$12.70, Hutchison Whampoa 15c to HK$8.90 and Hong Kong Wharf HK$1 to HK$69.50.

Hong Kong Shanghai Bank gained 10c to close at HK$15.70, Jardine Matheson 20c to HK$15.60, Swire Pacific 10c to HK$7.90 and Hang Seng Bank HK$2 to HK$119.

Elsewhere, New World and Hong Kong Telephone added 20c each at HK$4.35 and HK$25.60 respectively, Hopewell 10c at HK$11.40 and Sun Hung Kai Properties 20c at HK$10.60.

Against the trend, China Light lost 10c to close at HK$21.50, Green Island Cement 20c to HK$43.50, while Hong Kong Electric was unchanged at HK$6.30.

Turnover on the four exchanges totalled HK$222.87m, down from HK$299.06m on Friday.

Paris

Prices tended mixed in a quiet market with no significant fresh elements apparent.

Properties and Investments, Constructions and Engineerings firmed while Banks and Insurances, Rubbers, Electricals and Mining all eased.

CIE Bancaire dropped FFr 2 to FFr 317 after reporting lower first quarter group net profit.

All other sectors tended mixed with prices little changed.

Peugeot-Citroen eased FFr 1 to FFr 222 after predicting that the parent company's operating profit this year should be the same as last year.

Among foreign stocks, Gold Mines weakened while U.S., Germans, Dutch, Oils and Coppers held steady.

Tokyo

Under the lead of blue chips, share prices continued their upward trend on Saturday and again yesterday, when the Nikkei-Dow Jones average rose 10.42 to close at 6,852.61. Trading remained light, with investors marking time while waiting for the elections to be held next weekend; volume was 180m shares, and 7m on the second market. Advances outpaced declines 333 to 252.

Cameras and Electricals firmed on sporadic buying. Sony added Y50 at Y2,120 on the announcement that net profit and sales in both the consolidated and parent companies had reached record levels for the half year to April. TDK Electronics advanced Y30 to Y2,200 and Canon Y13 to Y659.

Switzerland

With fresh foreign demand pulling the stock market higher, virtually all sectors posted gains in brisk activity, although the recovery of the dollar moderated the upswing which began on Friday.

Some profit-taking was easily absorbed by the upward movement, which was led by Nestle and Oerlikon Bührle, advancing 60 cents to SwFr 3,450 and 20 cents to SwFr 2,840 respectively, on large volume.

Insurances were in good demand, as were Banks, despite scattered small losses.

Johannesburg

Gold shares closed mixed with a firmer bias in quiet trading despite the fall in the gold price.

Australia

Australian markets, except for Western Australia, were closed for the Official Queen's Birthday holiday.

NEW YORK

Stock	June 13	June 12	Stock	June 13	June 12	Stock	June 13	June 12
City Investg	25⅝	25⅞	Gerber Prod	23¾	23¾	Mead	23⅝	24
Clark Equipment	31¾	31	Getty Oil	83⅝	82¾	Media Genl	27⅜	27⅝
Cleve Cliffs Iron	27⅞	28¼	Giddings Lewis	27⅝	27⅝	Medtronic	59⅝	59½
Clorox	9⅝	9½	Gillette	24⅜	23⅞	Mellon Natl	28⅞	28⅝
Cluett Peaby	8⅝	8½	Global Marine	57⅞	58	Melville	32⅝	32⅝
Coca Cola	33⅝	33⅜	Goodrich (BF)	18	18¼	Memorex	14⅜	14⅛
Coca Btl. NY	4¾	4⅞	Goodyear Tire	13	13	Mercantile Strs	34½	34½
Colgate Palm	14	14	Gould	22⅛	22⅜	Merck	71¾	71¾
Collins Aikman	7¾	7¾	Grace	37¾	38⅛	Meredith	38½	38⅝
Colt Inds	42	43¼	Greinger (WW)	27⅜	27⅝	Merrill Lynch	23⅛	22⅞

Stock	June 13	June 12	Stock	June 13	June 12
Safeway Stores	35⅝	35⅛	Winn-Dixie Str	27⅝	27⅝
St. Joe Minls	49¾	48½	Winnebago	2	2
St. Louis-San F	72⅝	72½	Wisc Elec Power	25¾	25½
St. Paul Cos	35⅜	35¼	Woolworth	25¾	25⅝
St. Regis Paper	28⅞	28½	Wrigley	32½	33¼
Santa Fe Inds	54½	55⅜	Wyly	8	7⅞
Santa Fe Intl	38¼	38½	Xerox	56⅛	56¾
Saul Invest	7¼	7¼	Yellow Frt Sys	17¼	17¼
Saxon Inds	5⅝	5⅝	Zapata	36⅞	37
Schering Plo	37⅝	37¼	Zenith Rad	10¾	10⅝

CANADA

Stock	June 13	June 12
Abitibi	19	19⅛
Agnico Eagle	14⅛	13¾
Alcan Alumn	32⅞	32½
Algoma Steel	31¼	31¼
Asbestos	34½	34
Bk Montreal	27⅞	27¾

BELGIUM (continued)

June 12	Price Frs.	+ or —
Petrofina	5,250	+20
Royale Belge	5,600	......
Soc Gen Banq	2,405	—5
Soc Gen Belge	1,520	—60
Sofina	3,265	—15
Solvay	2,700	—50
Traction Elect	2,490	—10

HOLLAND

June 16	Price Fls.	+ or —
ACF Holding	71.5	—0.3
Ahold	67xd	......
AKZO	24.1	+0.2
ABN	292.5	+5.5
AMEV	66.4	+0.1
AMRO	65.3	+2.3

AUSTRALIA

June 13	Price Aust. $	+ or —
ANZ Group	4.50	+0.05
Acrow Aust	0.60	......
Allstate Expl	1.46	+0.26
Ampol Pet	1.35	—0.05
Assoc. Pulp Pap	2.30	—0.05
Audimco	0.30	......
Aust Cons Ind	2.00	+0.05

JAPAN (continued)

June 16	Price Yen	+ or —
Kubota	358	......
Kumagai	365	+8
Kyoto Ceramic	3,100	+20
Lion	432	—8
Maeda Cons	465	+5
Makita	980	—2
Marubeni	364	+2

Indices

NEW YORK —DOW JONES

	June 13	June 12	June 11	June 10	June 9	June 6	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
● Industr'ls	876.37	872.81	872.70	863.99	860.87	861.52	903.84 (13/2)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	74.91	74.15	73.97	73.91	73.67	73.22	74.91 (13/6)	63.87 (28/3)	—	—
Transport	277.75	277.10	278.24	278.08	277.73	278.09	305.80 (8/2)	233.69 (27/3)	305.88 (8/2/80)	12.23 (8/7/32)
Utilities	113.77	113.90	112.96	111.91	110.92	110.08	113.77 (13/6)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	41,880	47,300	43,800	42,030	36,820	37,230	—	—	—	—

● Day's high 883.96 low 866.81

Ind. div. yield %	June 13	June 6	May 30	Year ago (approx)
	6.02	6.19	6.19	6.01

STANDARD AND POORS

	June 13	June 12	June 11	June 10	June 9	June 6	1980 High	1980 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	130.17	129.98	130.68	129.80	127.97	127.57	134.47 (13/2)	111.09 (27/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	115.81	115.52	116.02	114.66	113.71	113.20	118.44 (13/2)	98.22 (13/2)	125.85 (11/1/73)	4.40 (1/6/32)

	June 11	June 4	May 28	Year ago (approx)
Ind. div. yield %	5.12	5.28	5.30	5.24
Ind. P/E Ratio	7.75	7.52	7.77	7.90
Long Gov. Bond Yield	9.75	10.11	10.15	8.81

N.Y.S.E. ALL COMMON

June 13	June 12	June 11	June 10	1980 High	1980 Low
66.13	65.92	66.17	65.48	67.77 (13/2)	55.30 (27/3)

Rises and Falls	June 13	June 12	June 11
Issues Traded	1,920	1,902	1,925
Rises	1,089	688	976
Falls	477	832	557
Unchanged	354	382	392
New Highs	—	70	81
New Lows	—	1	—

MONTREAL

	June 13	June 12	June 11	June 10	1980 High	1980 Low
Industrial	373.45	372.30	374.60	369.34	423.90 (28/2)	328.21 (27/3)
Combined	348.94	347.42	348.72	344.97	378.90 (28/2)	296.90 (27/3)
TORONTO Composite	2051.1	2040.8	2040.2	2028.7	2192.6 (25/2)	1702.5 (27/3)

	June 16	June 13	June 12	June 11	1980 High	1980 Low
AUSTRALIA Sydney All Ord. (1958/59)	(c)	878.56	871.45	865.49	947.47 (14/2)	760.99 (2/1)
Metals & Minls (1956/59)	(c)	5444.52	—	5408.82	6688.95 (14/2)	4581.28 (28/3)
AUSTRIA Credit Aktien (2/1/62)	67.50	67.20	67.27	67.03	69.40 (7/1)	67.03 (11/6)
BELGIUM Belgian SE (31/12/63)	98.68	96.65	96.82	96.61	105.75 (11/2)	90.14 (31/3)
DENMARK Copenhagen SE (1.1/73)	79.16	79.12	79.33	79.39	85.74 (2/1)	74.78 (5/3)
FRANCE CAC General (29/12/61)	109.4	110.29	110.0	109.6	117.80 (22/8)	97.1 (3/1)
Ind Tendance (28/12/79)	107.8	107.80	107.8	107.0	109.70 (13/2)	95.60 (3/1)
GERMANY FAZ-Aktien 31/12/58	230.89	228.81	(u)	224.18	258.39 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	726.1	719.00	709.8	703.5	745.2 (25/2)	667.8 (27/3)
HOLLAND ANP-CBS General (1970)	86.0	85.1	85.3	85.5	87.9 (11/2)	74.8 (27/3)
ANP-CBS Indust. (1970)	65.5	65.5	65.6	66.2	69.2 (11/1)	59.2 (28/3)
HONG KONG Hang Seng Bank (31/7/64)	981.12	969.16	971.30	951.99	981.12 (16/6)	738.9 (19/3)
ITALY Banca Comm. Ital (1972)	102.64	101.71	102.06	101.52	102.64 (16/6)	83.11 (2/1)
JAPAN Dow Average (16/5/49)	6852.61	6821.81	6814.72	6828.01	6864.81 (25/4)	6476.35 (27/3)
Tokyo New SE (4/1/68)	468.56	466.45	465.86	468.43	472.55 (14/2)	449.01 (19/3)
NORWAY Oslo SE (1/1/72)	129.75	129.12	129.82	129.72	144.78 (14/2)	110.12 (29/3)
SINGAPORE Straits Times (1966)	529.27	538.65	540.41	538.49	548.41 (12/6)	428.75 (3/1)
SOUTH AFRICA Gold (1958)	(u)	845.5	837.2	835.8	848.8 (9/5)	543.5 (13/6)
Industrial (1958)	(u)	525.2	521.0	525.5	528.1 (28/5)	496.8 (29/1)
SPAIN Madrid SE (28/12/79)	101.25	101.25	100.76	99.79	105.29 (21/2)	95.76 (15/5)
SWEDEN Jacobson & P. (1/1/58)	368.32	368.27	367.26	368.14	396.98 (8/2)	334.72 (17/1)
SWITZERLAND Swiss Bank Co. (31/12/58)	288.9	288.26	295.4	294.7	317.3 (11/2)	284.5 (22/4)
WORLD Capital Intl. (1/1/70)	—	142.8	141.9	142.0	145.3 (15/2)	129.6 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
General Motors	677,500	49⅜	+1⅛	Caesars World	415,500	16⅝	— ⅛
Fannie Mae	558,600	17⅜	+ ⅛	Dart Indus.	369,500	44⅞	— ⅛
Sony	473,700	9½	+ ⅛	Bally Mfg.	366,100	27⅞	+ ⅛
IBM	451,300	58⅞	+ ⅞	Intl. Paper	352,400	37	+ ½
Mobil	426,300	76	—2	ATT	337,000	55½	+ ⅛

FINANCIAL TIMES SURVEY
Tuesday June 17 1980

AUSTRIAN EXPORTS

Exports of goods and services have played a major role in Austria's economic performance. In this survey, PAUL LENDVAL, our Vienna Correspondent, looks at the problems caused by a sizeable current account deficit this year and at the efforts being made to increase export competitiveness.

AUSTRIAN FOREIGN TRADE
(Sch.m)

	TOTAL	EEC	incl. Britain	West Germany;	EASTERN EUROPE*
IMPORTS					
1973	137,863	88,979	7,127	57,460	11,586
1974	168,281	103,498	7,151	67,455	16,364
1975	163,376	101,752	6,508	65,345	16,680
1976	206,081	130,609	7,536	84,621	19,647
1977	234,841	153,414	8,056	99,188	20,736
1978	231,888	151,672	7,166	100,481	20,331
1979	269,937	174,745	7,859	114,236	23,702
EXPORTS					
1973	101,977	50,142	7,744	22,186	12,114
1974	133,356	59,130	8,528	26,227	20,107
1975	130,884	57,788	7,342	28,601	22,333
1976	152,114	70,955	7,407	35,590	23,047
1977	161,781	80,111	7,478	42,956	23,442
1978	176,112	92,342	8,681	51,260	24,175
1979	206,185	110,430	9,181	62,484	26,623

* East Germany, Bulgaria, Poland, Romania, Czechoslovakia, Hungary, Soviet Union, Albania.

A need for major changes

THE CELEBRATIONS to mark the 25th anniversary of the Austrian State Treaty, which put an end to Four-Power Occupation, provided an opportunity for East and West to heap praise on neutral Austria's political, economic and social record. Austria's all-round economic performance last year was outstanding, in terms of inflation (at 3.7 per cent the lowest in Europe), of unemployment (about 2 per cent) and of economic growth (5 per cent).

In the past decade, only Japan surpassed the country's 52 per cent rise in real output in 1970-1979. This record from a country, which, in the inter-war period, used to be regarded as intrinsically unviable, has coincided with the "Kreisky-era"—the decade of moderate, middle-of-the-road and pragmatic, economic and social policies, under a social democratic government, headed and dominated by Chancellor Dr. Bruno Kreisky.

However, as pointed out in a recent article by Dr. Friedrich Gleissner, the head of the trade policy and foreign trade department at the Federal Economic Chamber (to which all entrepreneurs have to belong by law), the basis for the economic up-swing in general and the export successes was laid under the late Chancellor Julius Raab.

In addition to playing the decisive role in the negotiations leading to the conclusion of the Treaty, Dr. Raab was the architect of the unique network of 84 trade offices, run abroad by the Federal Economic Chamber which directly serve exporters and are regarded as a model by many other countries.

It was in no small degree due to this unique organisation and the oft-proven ability of the trade delegates to cope with unusual and difficult situations which provided the background to the rapid growth of exports. Between 1955-79, exports were rising at an annual average of 8.4 per cent and imports at 8.8 per cent. During the same period, the GNP, in real terms, recorded an annual growth rate of 4.6 per cent.

As a result of the treaty of 1972 with the Common Market, Austrian exporters, by 1977, gained equally free access to West Germany, their single most important foreign market, along with their EEC competitors. From a low of 19.3 per cent in 1974 the West German share of total Austrian exports has risen to over 30 per cent. In turn, West Germany is the source for 42 per cent of Austrian imports, which means, for example, that this small land-locked country of some 7.5m people buys almost as much from the Federal Republic as do all East Bloc states together.

Yet for all the successes and the increase of the share of finished manufactures, from 35 per cent to 50 per cent of the exports to West Germany during the past decade, Austria has had a steadily growing current account deficit *vis-à-vis* its western neighbour. It was not just the staggering visible trade deficit of Sch 51.7bn with West Germany (to a great extent caused by allowing car imports) that caused concern last year, but rather the fact that neither expenditures by German tourists (who constitute three-quarters of the holiday-makers), nor other "invisibles" have managed to offset the trade deficit. There was a gap of Sch 15bn in 1979, only Sch 3bn less than the aggregate current account deficit.

Daunting task

The Austrian trade delegate in Germany holds that only higher exports could bring relief: the Austrian share of overall German imports should rise from 2.9 per cent to 5 per cent—a daunting task.

The problems surrounding trade with this most important partner are basically present throughout all Austrian foreign trade. Even including the "errors and omissions" (generally producing a surplus) the current account deficit last year reached Sch 17.7bn, the second highest in recent Austrian history and it is expected to rise by a further Sch 8.1bn to Sch 25.8bn this year.

The domestic boom, engendered by the expansionist budget policies, and the rapid rise in the fuel bill to an all-time peak of Sch 34bn, have been the main factors behind the unexpected deterioration of external payments. The improvement in 1978 was, after all, only temporary. Worse still, the international economic environment is not conducive to a sustained improvement of Austria's external payments in the foreseeable future.

On the one hand, Austrian exports during 1968-78 expanded annually, in real terms, by 8.1 per cent, 0.8 percentage points more than the OECD average and 1.1 points more than the average for world exports, as a whole. Austria ranks among the 20 largest exporters in the world and has managed to gain market shares during the past two decades, including a 6 per cent growth in its share in the Western industrial countries.

On the other hand, Austrian exporters could, however, gain or maintain market shares only through strong price concessions, increasing pressures on their profit margins. This, in turn, injects a new urgency into the perennial debates about the advantages and disadvantages of the so-called "hard currency policy," which means keeping the Austrian schilling more or less in line with the German Mark.

The Federation of Austrian Industrialists recently pointed out that the share of domestic industry in the 1970s fell from 61 per cent to 52 per cent of the Austrian market. Spokesmen of the Federal Economic Chamber also tend to stress the disadvantages due to the "hard currency" or "strong schilling policy.

In contrast, Dr. Helmut Haschek, director general of the Austrian Kontrollbank, the export financing institution, maintains that such losses of domestic market shares are solely due to the structural weaknesses of enterprises producing for the domestic market since Austrian exporters could make gains of market share abroad against foreign competitors. More competition is the only way to eliminate such structural weaknesses—this he emphasised at an international symposium on export promotion, organised last autumn by the Central Savings and Commercial Bank in Vienna.

Most observers tend to agree that the time has come for a major change in Austria's geographical export pattern and perhaps even more urgently for improving the structure of exports. Despite many exhortations and promotion campaigns organised by the Federal Economic Chamber, more than 85 per cent of Austrian exports still go to Europe, with EEC and EFTA taking two-thirds.

Communist East Europe (excluding Yugoslavia) accounted last year for 12.9 per cent, still the second highest proportion for a Western country, after Finland. Yet, in 1975, the proportion of Eastern European trade was 17 per cent.

Trade balance

According to a recent survey compiled by the Austrian Institute for Economic Research, during 1975-79 Austria's aggregate exports were rising by 10 per cent per annum, but those to the Comecon countries by only 2 per cent annually. The trade balance with the Soviet Union is in the red to the tune of some Sch.4bn a year. At the same time, the Soviet Union spends about 40 per cent of its schilling earnings on purchases outside Austria. The granting of a Sch.10bn credit line to the Soviet Union in March, was therefore criticised by some influential economic commentators.

The financing of exports by massive borrowing on the international capital markets, by the Austrian Kontrollbank, is also causing some problems. Bad debts last year, involving credits guaranteed by the Austrian Government, jumped by 77 per cent to Sch.1.74bn.

The real problem is not just finance, though it is doubtful whether the Federal budget faced with a permanent crisis will be capable of providing export finance to the tune of Sch.70bn by 1984 as against Sch.30bn (only by the Kontrollbank) last year.

Austria's traditional markets are unlikely to absorb vastly increased volumes of Austrian goods. Equally doubtful is the idea that tourism could once again produce record-breaking growth rates in net foreign exchange earnings.

As stressed by the foreign trade expert, Dr. Jan Stankovsky, Austria needs a "second industrialisation wave." Most observers agree that what is needed are not protectionist measures, but efforts to increase export competitiveness. A slight devaluation of the schilling is also rejected—at any rate, by the majority of the experts, for the time being.

A balanced foreign trade in industrial manufactures is set as a main target. Currently this trade produces a deficit of Sch.22bn. Nevertheless, even with a shift to high technology products, the traditional export goods, such as steel, non-ferrous metals, paper, timber and metal products, are likely to have a continued role. Another target is the increase of exports to the Third World, primarily to the OPEC or "half-industrialised" countries such as Taiwan, Hong Kong or South Korea.

Only 10 per cent of Austrian exports are sold to developing countries while neighbouring Switzerland manages to export twice as high a percentage of its products to that area. The OPEC countries account for a mere 5 per cent and Latin America as a whole also only for 1.5 per cent.

It is, of course, easier to issue calls for major changes in the geographical and structural pattern, than to provide the necessary conditions. Austria has neither multinational and really large domestic enterprises (capable of operating abroad alone, nor does it possess international finance and trading companies, as does Switzerland.

But there is no reason for deep gloom. A difficult period of adjustment is certainly ahead. Yet, if one recalls the upheavals and the seemingly hopeless situations through which this country has lived since the break-up of the Austro-Hungarian Empire, then the challenge of the 1980s should not be unmanageable. The time of record growth rates is gone in Austria, as elsewhere. But given political and social stability, a new export drive could help to generate steady growth.

CONTENTS

Trends confirm gloomy economic predictions

AFTER A long period of steady growth and rapidly rising living standards, Austria is now on the verge of a new era which will undoubtedly disappoint the expectations of those who hoped that this small, land-locked country on the edge of the Western pluralistic world, could survive unscathed in a world-wide economic and social crisis.

The critics of the Socialist Government, which has been in power for just over a decade, also point out that the population will now have to foot the bill for the costly experiments and welfare presents of the "Kreisky-era."

The steadily rising budget and current account deficit are now recognised as the main dangers threatening economic and social stability. A recent extraordinary caucus meeting of the Government and leading Socialist Party and union functionaries, gave the go-ahead signal for drastic cuts of subsidies and increased indirect taxes, resulting in higher postal and telephone charges, railroad fees and social security contributions.

The Treasury hopes to reduce demand-effective net deficit from Sch 31bn to Sch 25bn, next year (the budget year in Austria coincides with the calendar year). This would mean a reduction from 3.8 per cent, in terms of the gross domestic product in 1979, to 3.2 per cent this year and to 2.5 per cent in 1981. Evidently, there can be no question of tax cuts as demanded by the opposition People's Party.

The steadily rising national debt poses a growing burden of debt servicing on the budget. Thus, in this year already, 14.7 per cent of what are called "freely disposable public expenditures" must be spent on servicing the national debt. At the time of the take-over by the Socialist Government in 1970, the same proportion was only 5.9 per cent.

Another potential danger, both to the economy and to social stability, is the uncertainty concerning the long-term employment trends. While the unemployment rate, this year, is expected to remain below 2 per cent, economic experts reckon that in the period to 1986 a more pronounced unemployment situation will emerge if the growth rate falls below 3.5 per cent a year.

It is feared that a growth rate of a mere 2 per cent could produce 500,000 unemployed by 1990. A growth-oriented economic policy, geared to a higher grade of competitiveness in exports, is regarded as the only way to avoid such a situation.

The uncertainties stemming from the external payments situation are also regarded as threats to economic equilibrium, in the long-term. The trends in the first quarter of this year tend to confirm the gloomy predictions about the deterioration of the visible trade balance and the external payments situation. Thus, during the January-March period, the visible trade deficit jumped by Sch 8bn, or by 58 per cent compared to the same period last year. The Federal Economic Chamber has already expressed fears that the trend indicates an even worse performance of the current accounts for the year, as a whole, than was originally expected. It might exceed the Sch 26bn predicted for this year, (including the item of statistical errors) and would amount to 2.5 per cent of the social product.

Unpredictable

Economic journalists point out, however, that the experts have more than once erred on the side of optimism in the 1970s and there is no reason to assume that they will be completely right in their gloomy forecasts now.

Professor Stephan Koren, president of the National Bank, also warned in a recent article that the events of 1979 confirmed the growing unpredictability of economic and monetary processes. The external payments disequilibrium is bound to remain a central problem, albeit Austria is better placed than most other countries to cope with the new economic challenges. However, Prof. Koren also admitted that the room for an autonomous policy, as well as freedom of action in economic policy and in budgetary policy have become narrower.

In the opinion of the Central Bank chief, the defence of the stability and, therefore, also the so-called hard-currency policy, i.e. the close link between the schilling and the D-mark, will have to remain the foremost task this year.

The growing dependence on energy imports raising the fuel import bill from Sch 8bn in 1970 to Sch 44bn this year is an important factor behind the deterioration of the external payments balance. This is the background to the current campaign reopening the great debate about nuclear power.

In November 1978 a very slight majority of the Austrians rejected at a referendum the commissioning of the nuclear power plant at Zwentendorf on the Danube—a plant already completed and erected at a cost of Sch 8bn. It is claimed that the provision of the extra energy alone costs the tax-payer Sch 1bn.

However, the Austrian Parliament decided that the question of nuclear power can be reopened only with a two-thirds majority and, even then, any change in the legislation banning nuclear power must be submitted again to a referendum.

The issue does have political implications, of course. About 40 per cent of the energy imports come from Eastern Europe: 100 per cent of the natural gas, 80 per cent of the coal, 25 per cent of the crude oil, 60 per cent of coke and 35 per cent of electric power imported by Austria is provided by the Comecon states.

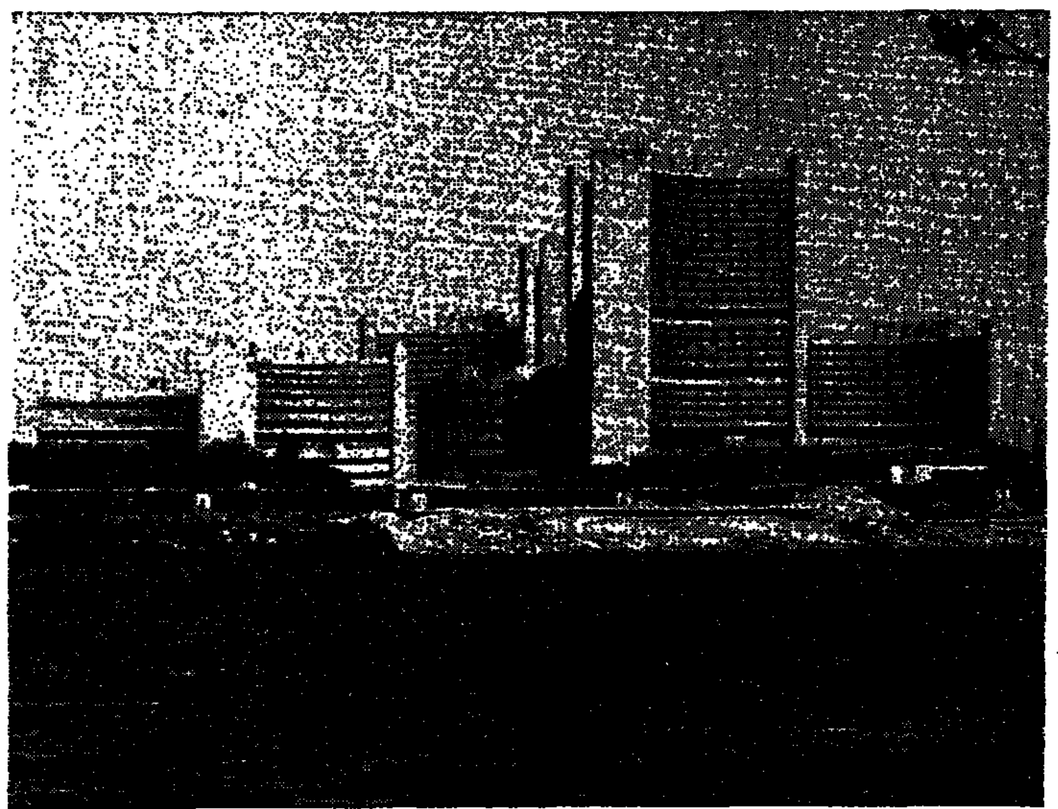
The energy and power links with the East, including also ties to the West are, generally, the main topics during Chancelor Kreisky's and his ministers' frequent trips to Eastern Europe.

Meanwhile, the tourist industry's figures for the winter season indicate that this important prop to the economy is doing fairly well. During the January-March period, for example, overnight stays by foreigners were up by 8.5 per cent to 18.2m. Gross foreign exchange receipts from foreign tourists rose by 15.3 per cent and the net intake by 21 per cent to Sch 17.1bn.

Another important positive factor is the growing involvement of the banks in providing not only finance, but also consulting and marketing advice for small and medium sized firms. In addition to the long-established commercial banks, such institutions as the Girozentrale, the central institute of the savings banks, as well as the two largest Vienna-based savings banks, Central Savings and Commercial Bank and the First Austrian Savings Bank, have launched various initiatives to promote exports.

Since 30 per cent of the Austrian exports are provided by only ten large firms, there is evidently ample scope of mobilising the untapped resources of thousands of small companies.

Dr. Friedrich Gleissner, chief of the Foreign Trade Department of the Federal Economic Chamber. He is also in charge of Austria's trade representatives, worldwide. Right: the Tyrolit plant in the Tyrol.



The Vienna International Centre, on the banks of the Danube. For reasons of history, geography and expertise, Vienna is a traditional gateway to—and contact point with—Eastern Europe.

Worries over Eastern trade

FOR MANY years, trade with the Comecon countries has been regarded as one of the pillars of the Austrian economic upswing. During the 1970-75 period, for example, exports to the East Bloc (always excluding Yugoslavia) were rising, in real terms, at an annual rate of 11.5 per cent or twice as fast as exports in general.

Except for the special case of Finland, Austria has proportionately the largest trade (among Western nations) with the Communist Bloc. By 1975, the Eastern share reached 17 per cent of the exports total and if one excludes Yugoslavia, the grand total accounted for over one-fifth of the foreign sales.

A number of special historical, geographical and political factors have combined to make Vienna into a vital contact point for East-West trade and to provide a firm foundation for Austria's role as a pace-maker in Eastern trade, at a time when the U.S. and other NATO countries were limited in their freedom of action through the embargo regulations. For the public at large almost imperceptibly Austria's position on the Eastern markets has been dangerously eroded.

Market shares can be maintained only through massive credits, political goodwill gestures and at the cost of price concessions. Though chancellor Bruno Kreisky is seen in the east as one of the most respected non-communist statesmen of the world and is a welcome guest from east Berlin to Moscow, neither his numerous visits nor the working missions of his agile minister of trade, Dr. Josef Stribacher have so far managed to produce a return to the good old times of steadily expanding trade, based on major orders from East European state agencies.

A thorough study of the structure and performance of Austrian sales to the East, compiled by one of Austria's top foreign trade experts, Dr. Jan Stankovsky and recently published by the Vienna-based Austrian Institute for Economic Research, indicates that the alarming figures for the first quarter of 1980 are not just isolated and seasonally distorted results.

During the January-March period, Austrian imports from the East jumped in value by 49.6 per cent, while exports were up by a mere 3.6 per cent. As a result of these trends, the Eastern share fell to 10.7 per cent of the aggregate exports and totalled 8.7 per cent of the aggregate imports.

Contraction

What matters, of course, is the long-term trend, but this also shows an ominous contraction of Austrian sales. Thus, between 1975-1979 annual exports to the Comecon countries were rising in real terms only by 1.8 per cent as against an almost 10 per cent growth for the Austrian exports, in general. No wonder that during the same period the proportional share of the East Bloc fell from 17 per cent to 12.5 per cent.

The exports to the smaller East Bloc countries have suffered in the first place and the share of Eastern Europe, minus the Soviet Union, dropped from 14 per cent to 9.5 per cent of the exports total.

At the same time exports to the Soviet Union were rising in the second half of the 1970s about as fast as the overall exports with the Soviet share roughly maintained at 3 per cent of the exports. The downward trend was also evident in purchases from the East with the proportional share also shrinking from 10 per cent in 1975 to 8.5 per cent last year.

The relative increase in the Soviet share was, of course, due to the price jump for crude and natural gas, accentuated by the increased Soviet shipments of gas to Austria.

What causes increasing concern, and even anger in Austria is the fact that the relatively steep rise in purchases from the Soviet Union has not been accompanied by a corresponding rise in Austrian exports to the Soviet Union.

As a result, the Soviet side achieved a surplus of Sch. 3.4bn last year in contrast to the Austrian surplus of Sch. 6.5bn in trade with the other Comecon countries, as a whole.

Between 1973-79 the Soviets achieved an accumulated surplus of Sch. 18bn *vis-a-vis* Austria. This figure is three times as large as the Soviet import bill in Austria last year.

The Institute for Economic Research reckons that the Soviets spend only 55 to 60 per cent of their export earnings in Austria (oil and gas account for three-fourths of those sales) on financing imports from the same country. Thus, it would be not very difficult to restore the equilibrium in bilateral trade if only the Soviet authorities had really wanted it.

Instead, the Austrians have now opened a Sch. 10bn credit line to finance Soviet purchases of Austrian goods. In retrospect, those Austrian economic experts have been proven right who in 1970 warned against a transition from bilateral clearing to invoicing and payment in freely convertible hard currencies.

In the opinion of the institute's experts, the prospects for East-West trade, in general, and Austrian sales to the East, in particular, are not very promising. It is estimated that Comecon imports from the West will rise by 1990 only at an annual rate of 2.5 to 3.5 per cent. The indebtedness, the difficult energy situation and the failure to increase sales in the intensely competitive Western markets are likely to limit severely the scope for imports from the hard currency areas.

At the same time, Austria's market shares have also been shrinking. In terms of the Eastern exports of the OECD countries, Austria's share in 1965 was 7 per cent, in 1970 only 6 and in 1978 a mere 5 per cent. The Austrian market share in the Soviet Union dropped between 1965-76 from 4.3 per cent to 1.7 per cent, though it slowly rose in the late seventies to 2.4 per cent.

Deterioration

The deterioration of Austria's comparative position was apparently due to a number of factors, including the dismantling of embargo restrictions by some major competitors, the transition from clearing to payments in hard currencies, the preference of the Soviet side for placing orders for complete plants, and so on in major countries, and possibly though not certainly, as a result of the Austrian hard-currency policy.

However, it is also pointed out that the share of capital goods (machinery and transport) in the Austrian exports to the East total only just over 30 per cent as against 40 per cent for the western average.

With regard to imports, energy and fuel in the case of Austria account for 50 per cent of the total as against only 38 per cent for the West as a whole. The fact that the share of consumer goods in the Austrian imports is only half of that for other western states may be a contributing factor to the general malaise concerning Austria's eastern trade.

At the same time, Austria, as with other Western countries, has had to extend massive loans to the East to finance its exports. Comecon accounts for 40 to 45 per cent of the grand total of Austrian export credit guarantee contract. By the end of 1978, total net Eastern debt to Austria reached just over 4bn U.S. dollars, with bank loans accounting for 2.95bn.

Though Austria's share in the Eastern exports of the West is only 5 per cent, the corresponding figure for its share in the bank loans to the East reached 8 per cent in 1978, and, in terms of the overall indebteness, including also suppliers credits, just under 7 per cent.

It is now reckoned that in the 1980s the smaller Comecon partners must restrict their hard-currency financed purchases more drastically than the Soviet Union. The integration within Comecon will contribute to this trend. Austria will have to improve and expand its range of capital goods exports.

Co-operation with other major suppliers and joint ventures with Comecon state companies on third markets will not suffice to maintain, let alone to increase Austria's market shares. Compensation and buy-back schemes are only part of the answer. Dr. Stankovsky pleads for tariff concessions as a condition for increasing the imports of consumer goods and for a more differentiated trade policy towards the individual Comecon states. But the suggestion of tariff concessions was quickly rejected by a spokesman of the Federal Chamber of Economy.

The Soviet Government has now promised to increase rapidly and appreciably its purchases of Austrian goods. According to Austrian Government authorities, the Soviet side offered major orders and proposals for joint projects on third markets to the tune of Sch.8bn. It remains to be seen what will be finally realised. The same reservations are voiced with regard to the ambitious joint coal and lignite exploitation schemes planned with Poland and Hungary. On present assumptions, Eastern trade may well become in the 1980s a hidden danger, rather than a prop to Austria's visible trade balance.

Vital services for exporters

A BRIEF news item informed the Austrian public in the first week of June that President Rudolf Sallinger of the Federal Economic Chamber paid a working visit to Czechoslovakia. In addition to talks in the Foreign Trade Ministry and the Chamber of Commerce, he also conducted negotiations with Czechoslovak Premier, Lubomir Strougal about the intensification of trade contacts, energy problems and some Austrian wishes concerning the Austrian deficit in bilateral trade exchanges with special attention paid to major investment projects.

Only two days later, the chairman of the industrial section of the Federal Chamber, Mr Philip Schoeller, heading an economic mission, left for a ten-day visit to Argentina, Uruguay and Paraguay. Representatives of some 64 firms, the highest-ever figure are participating in the Latin American venture. They represent a wide range of consumer and capital goods producers, attracted by a growing market. The tour of the three Latin American countries will be followed by a round-table meeting with interested buyers in Sao Paulo (June 18 to 20) and Rio de Janeiro (June 21 to 24). The talks with the interested Brazilian business representatives are exclusively devoted to such issues as joint ventures; licence and know-how arrangement in Brazil; how to cope with the series of restrictive measures ordered by the Brazilian authorities; how to launch co-operation ventures and maintain the market shares.

The fact that last year's sales to Uruguay were up, by 80 per cent, to Sch. 69m; to Paraguay, by 52 per cent, to Sch. 87m; to Argentina, by 24.4 per cent, to Sch. 706m; and even to Brazil by 29 per cent, to Sch 575m, is a revealing proof of the ability of Austrian exporters to gain a foothold on the intensely competitive and far-away Latin American markets.

About six days after the take-off of the mission to Latin America, a group was visiting neighbouring Yugoslavia, in line with the new practice of organising round-table meetings with interested or potential buyers.

Such meetings are generally restricted to one particular branch. Thus, in June, such meetings were scheduled to take place in Britain with furniture importers and, in Spain, with buyers of components and spare parts for the motor industry.

All these examples refer to only one month, namely June. They indicate the flexible and multi-dimensional approach of the Federal Economic Chamber to trade promotion. The Austrian Institution of Exports and Trade Promotion was born after World War II, at a time when the President of the Chamber was the same Lulius Raab, who later, in 1953, became Federal Chancellor and played a key role in negotiating the Austrian State Treaty of 1955, which, put and end to the Four Power Occupation.

Even the most ingenious and skilfully assembled promotion programmes would be impossible without the unique system of export organisation, run and financed by the Federal Chamber. Austria's trade interests are represented by well-trained, business-minded and multi-lingual trade specialists, staffing 84 trade representative offices around the world, with 17 operating in the U.S., 14 in Africa, 20 in Asia and one in Australia.

Two key personalities behind Austrian social partnership: (left) Mr. Anton Benya, Socialist President of the Trade Union Federation and also of Parliament; And Mr. Rudolf Sallinger, President of the Federal Economic Chamber.

Only under special conditions, such as those in Eastern Europe or in some crisis-ridden developing countries, do the trade representatives have diplomatic status, but even there they operate under the direct supervision of the Chamber. Austria has neither multinational concerns nor many large companies which could establish important subsidiaries abroad. It is the tested network of the trade offices which act as locomotives of the Austrian trade.

The trade representatives and the desk officials in Vienna fulfil a variety of indispensable functions for some 4,000 Austrian exporters—from alerting companies to sales opportunities, to finding local agents for them or giving advice about how to secure export credit guarantees.

Last year, some 5,500 Austrian firms had contacts with Austrian trade offices. The institute for economic promotion carried out 97 foreign ventures, including not only participation at fairs but also special events such as "technical-scientific weeks" and "Austria weeks." About 2,200 firms participated at the various ventures.

The department of foreign trade and trade policy, headed by Dr. Friedrich Gleissner also produces regular market reports, and comprehensive surveys giving essential information about 150 countries. Every week 6,000 firms receive a weekly foreign trade news bulletin from the Chamber. Last year, 164,000 copies of special reports were ordered by interested exporters.

The Chamber has drawn up an agency for organising seven economic missions and round-table meetings overseas, as well as 12 meetings tailored to the needs of individual branches.

From fashion shows to language courses and foreign trade seminars, the Chamber offers wide range of services.

Another important special feature of the Chamber's organisation is its extremely active Press department. All Austrian media representatives, specialising in economic or political reporting, are invited to attend information trips at home and abroad, and to visit seminars and conferences where, as a rule, all problems are candidly discussed. This Press policy helps, in turn, to foster popular understanding for the special way of Austrian trade promotion. Though the Chamber primarily serves the medium-sized and small firms, even large nationalised companies are frequently asking for advice in Vienna and in the trade representative offices abroad.

Call for more innovation in industrial sectors

THE RECENT take-over of Eumig, the camera and projector manufacturer, by Oesterreichische Laenderbank, is regarded by some observers as the end of an era. This prestigious family firm has gained a worldwide reputation during the past decades as the world's largest projector manufacturer and a leading producer of high-quality ciné cameras.

However, during the last two years, poor marketing, wrong management decisions geared to faulty signals and a lower per-head productivity than that of major competitors, have plunged the company into a prolonged crisis, with the production staff cut by one-third. After much-publicised boardroom battles, the management was finally taken over by the Laenderbank, the major creditor of the firm.

Though the bank itself is, ever since World War II, along with Creditanstalt Bankverein, majority-owned and controlled by the State, the take-over does not mark any kind of creeping expansion of State intervention. It was an emergency operation to save what can still be saved from a once-thriving concern.

The case of Eumig recalls similar attempts to bail out, for example, the Voeslauer textile group, which also owned and profited from vast federal and provincial subsidies. The point is, however, that Eumig is the kind of company which, in theory at least, should be a model, since it is turning out high-quality specialised products.

Arguably, one of the weaknesses of the domestic industry is that it can rely on far too extensive and excessive subsidies which, in turn, hamper rather than accelerate the adjustment to changed market conditions at home and abroad.

In a very real sense, the institutional representatives of the business community are faced with perennial problem of how to gain new markets while, at the same time often the same firms seek to erect barriers against the influx of foreign products.

On the one hand, the share of the domestic industry of the Austrian market fell from 61 per cent to 51 per cent, between 1970-79. The domestic market share in chemicals shrank from 59 to 49 per cent; in textiles, from 58 to 36 per cent; and electrical goods from 67 per cent to 53 per cent. The domestic industry is capable of holding its own on home ground in some social or limited areas —but, even then, only at the cost of strong pressures on the profit margins.

The machine-building industry has managed during the same period to maintain its market share at 36 per cent, which represents a mere 1 per cent less than at the beginning of the 1970s.

On the other hand, the Austrian exports during the 1968-78 period rose at an impressive annual rate of 8.1 per cent, more quickly than either the OECD or the world-wide exports. However, the clash of interests split not only the industry as a whole but even selected branches, depending on the export share and the content of imported products. Some observers regard what is called a "bearable" level of low-cost or high-technology imports as an important impulse to the emergence of new industrial structures and a more competitive labour force and management in Austria.

New outlets

A recent study by the institute for economic research, for example, has pointed out that the "international division of labour" in macro economic terms could produce advantages through pressing down domestic prices and, at the same time, providing Austria with new export outlets in the Third World.

As noted earlier, textiles are faced with the growing competition by imports from low-cost countries. Thus, textile imports in 1980, for example, were Sch 2.3bn higher than the domestic industry's exports. The situation in the clothing industry is even worse. The leather industry, specifically the footwear producers, also raise alarm. Thus, between 1978-79 the domestic industry's share of the Austrian shoe market fell from 28.5 per cent to 24.5 per cent.

Imports of shoes jumped by 31.4 per cent to 12.6m pairs, representing Sch 2.33bn, in value. Yet the domestic industry is not really interested in restrictions on imports from Italy, the major competitor, because about 70 per cent of the domestic output is also shipped abroad. In any case, Austrian exporters were also doing well, with their sales rising in value by 20.6 per cent to Sch 3bn.

In addition to the textile and leather industries, the study of the Institute for Economic Research pointed to the following branches which are threatened by low-cost imports: timber processing, metal industry as well as certain branches of the chemical, electric, ceramic and food industries. A comparison between the growing market share of the low-cost countries in Austria and the decreasing share of the same industries, in terms of employment, reveals the danger points.

It would be unfair to accuse the Socialist Government of Chancellor Kreisky of idleness. During the last decade some Sch 13bn were injected into the small and medium firms in the form of Government subsidies. The Federal State provides a 10 per cent investment grant for the purchase of new machinery in the textile and leather industries and similar subsidies are also provided for the pulp and paper plants.

Nevertheless, critics point out that the steadily increasing budget deficits and rising taxes, as well as other discriminatory measures, have combined to weaken the industry's underlying financial basis. Economic experts speak already about a process of "de-industrialisation," with ominous prospects for the future.

A major study, compiled by the Institute for Economic Research, calls for a new wave of qualitatively different industrialisation. The point is that Austria has already caught up with the industrialised West and, in terms of per-head social product, has already overtaken Italy, France and Britain. This means also a catching up in terms of labour costs, at the same time, when many industries still reflect the time of the cheap labour costs.

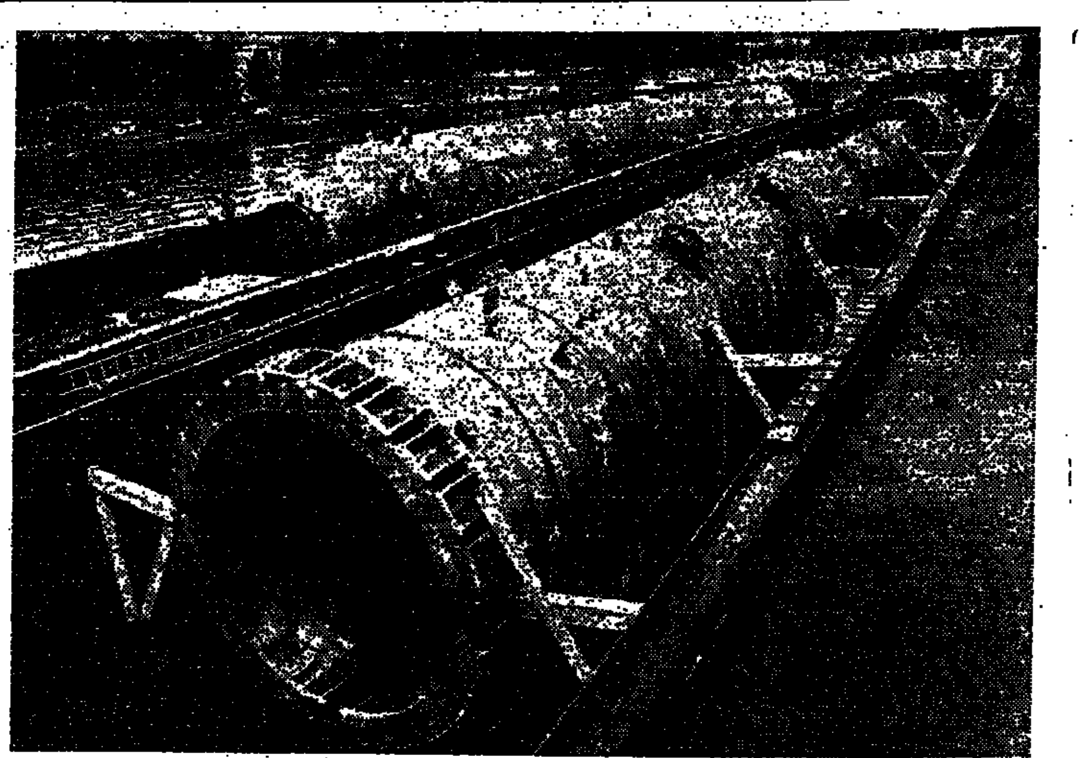
The study calls for a much greater attention to be paid to industry-oriented services such as engineering, consulting and marketing. Energy costs should also be reduced since they are one-third higher than those in the even more industrialised Switzerland.

Expenditures on research and developments should also be steeply increased. It is stressed that research and development expenditures in the Austrian electricity industry are only $40 per employee, as against $140 in the European Community.

The share of industrial investments has fallen to 12 per cent of the total investments. The industrial growth rate also shows a marked slowing-down, from 5.9 per cent per annum in 1966-73 to 2.6 per cent in 1973-1979. Thus, industrialisation must be linked with large-scale efforts aimed at redeployment and modernisation of Austria's industrial potential.

The authors of the study stress, however, that the trend towards a growing current account deficit is primarily due to insufficient exports rather than to increased imports.

In other words, the 1980s can only be mastered through a more enterprising, innovative and outward-looking approach —and not through narrow-minded protectionism.



Voest-Alpine, Austria's nationalised steel and heavy engineering concern, is a major exporter of complete plants. Above: installation sections for a fertiliser plant to be built in Libya.

A battle among sportsgear manufacturers

PERHAPS IN no other country were the Winter Olympic Games at Lake Placid, last February, followed so attentively and so closely as in faraway Austria. The fact that this year both the men and women downhill champions were Austrians (namely, Leonhard Stock and Annemarie Moser-Proell) sparked off here an impassioned debate as to whether—and to what extent—these successes also give a boost to sales of the same brand of skis and gear which the champion uses.

As the Austrian ski and winter sports-gear industry is estimated to spend some Sch 100m annually on training and managing Austrian and foreign skiers during the season, most observers see some links between the sporting and the sales successes.

As some 1.3m Austrians, out of a total population of 7.5m, are said to be engaged in winter sports—from Chancellor Bruno Kreisky and his ministers to the innkeepers in the Tyrol—it is no wonder that national prestige and sales of the ski industry are inextricably linked.

The Federal Economic Chamber has given subsidies since 1966 to, the tune of Sch48m for the Austrian Ski Federation and ski pool. If one adds the clothing and coats for sportsmen and women, the costs of the erection of special stands and pavilions, it is estimated that the chamber has spent, within a decade, about Sch80m on sports promotion.

The winter sports-gear industry is a major economic branch in Austria. It has an annual turnover of over Sch3bn. The ski industry claims a combined production staff of 4,600 and there are some 250 firms engaged in the manufacturing of winter sports gear, ranging from skis to boots and bindings.

The ski industry also profits from Austria's reputation as a tourist country *par excellence* with foreign exchange receipts from holiday-makers accounting for 38 per cent of the intake from exports of goods and services.

The Austrian ski industry last year produced 3.2m pairs of alpine and cross-country skis and exported 2.9m pairs, worth Sch 1.7bn.

Key markets

Austria's most important markets are the Federal Republic of Germany, the U.S. and Switzerland. There is a pronounced trend towards cross-country skis. The ski industry world-wide last year produced 6.6m pairs of alpine skis and 4.5m pairs of cross-country skis.

The Winter Olympic Games directly affected sales chances in the U.S. and Canada. Though Austria is still "the number one" in the North American ski league, with one in three quality skis imported by the U.S. originating in an Austrian plant, there is a downward trend concerning relative market shares.

Thus, French producers have managed to catch up compared to the beginning of the 1970s when Austrian and French ski exports to the U.S. showed a ratio of five-to-one. By 1978, the French had increased their sales to 318,000 pairs as against 434,000 pairs of Austrian skis.

The share of the Austrian exporters sank in terms of value from 49 per cent of the U.S. exports in 1971 to 36 per cent in 1977 and 28 per cent in 1978.

The Austrians have managed to maintain their pre-eminent position also in Canada. Exports totalled 154,000 pairs accounting for 24 per cent of the aggregate Canadian imports of skis while the French sold 115,000 pairs. Though sales dropped by 14 per cent in volume, in value terms they recorded an increase of 3 per cent. It remains to be seen whether the success at Lake Placid will produce a sustained upward trend.

Novel situation

However, Austrian newspapers point out that surplus capacities, large stocks and falling prices have combined to create a completely novel situation for an industry long accustomed to permanent growth.

Thus, during the last 18 months, nine major producers abroad have closed their plants with an aggregate capacity of 400,000 pairs of skis per annum. It is estimated that the growth of sales in the 1980s will be only a modest 2 per cent annually.

In Austria, for example, sales during the last winter season dropped by an estimated 5 to 10 per cent. As a result of sharp competition and despite the nominal adherence to a ski cartel, some 40 per cent of the sales are below what are called "normal" prices.

Opinions are split over the market trends. At any rate, Austrian producers, such as Blizzard, which had earlier planned to erect production plants in the U.S., have now shelved such ambitious projects. The keener competition, both at home and abroad, is expected to lead to some mergers in the near future. For the time being, the largest Austrian producer is Fischer, with 880,000 pairs of skis a year, followed by Blizzard, 850,000. Other producers include Atomic, 700,000; Kneissl, 620,000; Kaestle, 320,000. However, in November, 1979, Atomic acquired the full control over the French company, Dynamic, which had an annual output of 200,000 pairs.

In the important field of ski boots, Dachstein is the leader with a million pairs representing sales worth Sch 330m a year, followed by Koflach with 510,000 pairs, and Kastinger, with 250,000 pairs. The latest reports indicate also a trend towards tennis racquets. Fischer, for example, seeks to increase its capacity from 170,000 to 210,000 racquets a year; and Kneissl from 51,000 to 81,000.

It seems, diversification and mergers, combined with a more aggressive marketing strategy, will, in the end, be more important than merely sporting successes for the future of this important industry.

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APPOINTMENTS

Senior changes at Costain

Mr. C. T. Wyatt, previously deputy chairman of the COSTAIN GROUP, has taken over as chairman in place of Mr. J. P. Sowden, who has retired from that position but remains a director of the group. Mr. Wyatt joined Costain in 1954. From 1970-75 he was director responsible for the group's international operations. He was appointed group chief executive in 1975 and was succeeded in that post earlier this year by Mr. P. J. Costain, previously managing director and chief executive officer of Costain Australia.

Changes have also been made in the executive responsibilities of the following directors of the Costain Group. Mr. A. D. Hutchinson will be in charge of Costain International, Costain Process Engineering and Construction, and Costain Blankevoort. Mr. H. D. Newell, who was managing director of Costain International, now controls the development of the group's energy interests. This will be primarily coal through Costain Mining in the UK and overseas, excluding Australia, together with Costain West Africa, Costain Africa, Foundation Engineering and Trend Construction in the U.S. Mr. J. F. Reeve will in addition to building and civil engineering in the UK and Europe, housing, property and Kwikform, assume responsibility for Costain Concrete.

★

Mrs. Joyce Smith, joint vice chairman of the SPASTICS SOCIETY, has been elected chairman following the resignation of Mr. Dorrien Belson for personal reasons.

★

Mr. Walter C. Corbett has joined the Board of WIGHAM POLAND AVIATION.

★

Mr. Heinz Winzenried has been appointed Board chairman of the Berne-based CHOCOLAT TOBLER AG. He succeeds Mr. Oscar Langhart.

★

ASTBURY CONSTRUCTION GROUP has made the following group appointments. Mr. B. J. Hammond becomes managing director of A. & R. Astbury, succeeding Mr. Richard Astbury, who remains group managing director; Mr. C. G. Williams has been made managing director of A. & R. Astbury (Joinery) and also appointed to the Board of Acorn Windows (West Midlands). Mr. R. R. Warrender is now chairman of the subsidiary companies in succession to Mr. Arthur Astbury, who continues as group chairman. Mr. A. P. Bowen, group accountant, is appointed company secretary of the subsidiary companies.

★

Mr. Jack Welsh has been appointed director of transport user services at the FREIGHT TRANSPORT ASSOCIATION.

★

Mr. G. Wendel has been appointed managing director of MOTOMAT GmbH, the Associated Engineering Group's wholly owned automotive parts distributing company in Austria. Mr. Wendel joins Motomat from Kontron GmbH and Co., where he was general manager.

★

Mr. David Tittle is to join the Board of JOHN BEALES as joint managing director from July 1. He is at present a director of Reliance Knitwear Group and chairman of Drewry and Edwards, which is a subsidiary of RKG.

★

Mr. M. J. Chapman has been appointed a corporate finance director of MIDLAND BANK

Mr. M. J. Chapman

from August 1, and will be succeeding Mr. K. T. Hodges, who is retiring at the end of that month.

★

EQUITY CAPITAL FOR INDUSTRY has appointed two new advisers to assist on a part-time basis. Mr. G. D. Lavers joins as regional adviser for Yorkshire and Mr. E. C. Sayers, as regional adviser for West Midlands. Mr. Lavers is a non-executive deputy chairman of Hargreaves Group and of John Waddington. He is also a local director of Guardian Royal Exchange Assurance. Mr. Sayers is chairman of Duport and a non-executive director of Ductile Steels, International Timber, and Durapipe International.

★

Dr. Ralph Kay has joined the Board of CAMREX (HOLDINGS) a stechnical director.

★

Mr. K. J. Curran has been appointed managing director of STEWART WRIGHTSON (MIDLANDS).

★

Mr. John Pardo, former Liberal MP, has been appointed managing director of SIGHT AND SOUND EDUCATION. Mr. Pardoe has been associated with Sight and Sound for several years as a non-executive director. After the General Election in May 1979 he joined Mr. Andre Sbath as joint managing director. Now Mr. Sbath has become co-chairman and Mr. Pardoe takes over full responsibility for the management of the company.

★

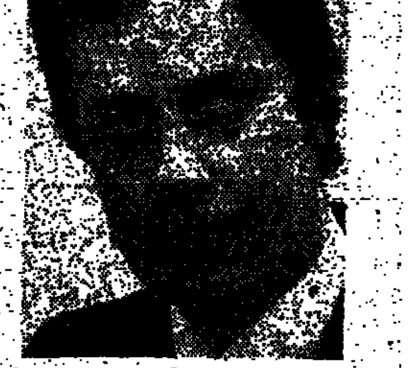
Mr. G. L. Williams, general manager (home), Guardian Royal Exchange Assurance Group has been appointed chairman of the FIRE PROTECTION ASSOCIATION. Mr. J. Campbell, general manager, Norwich Union Fire Insurance Society, is the new deputy chairman.

★

Mr. Bob Laird, moves from director of Human Foods, Carnation Foods (UK) to managing director of VANDEMOORTELE (UK), the UK subsidiary of the Belgian oils and fats manufacturer.

★

Mr. Andrew H. Teare has been appointed chairman of FORTICRETE. Mr. Teare has been a director of the company since 1978 and he is also general



Mr. Andrew Teare

manager, Europe, of Cement-Roadstone Holdings, the parent concern. Mr. Les T. Manning, sales and marketing director of Forticrete, has been made a director of that company.

★

PEEK PUCKLE GROUP has formed a new subsidiary, Peek Puckle (International) with Mr. D. M. Berliand as chairman, Mr. G. S. Reid, Mr. R. P. Sparrow and Mr. R. C. Wardale executive directors. Mr. T. E. Inglessis, Mr. P. K. King and Mr J. J. McNeice are also directors. Mr. D. A. P. Barnard and Mr. P. T. Parker have been appointed associate directors of Peek Puckle (Reinsurance Brokers).

★

Mr. John Bennett has been appointed director of the telecommunications division of INBUCON MANAGEMENT CONSULTANTS. He succeeds Mr. Wilfred Liversidge who will continue part-time as a director.

★

The Home Secretary has reappointed Lord Allen of Abbeydale to serve as chairman of the GAMING BOARD until June 30, 1982. Sir Lindsay Ring and Mr. T. N. Ritchie have also been reappointed as members of the Board.

★

Mr. R. B. Gibbon has been appointed head of construction projects in the production and supply division of BRITISH GAS. He will be responsible for construction work on the Rough Field storage project, the plant construction department and the machinery department.

★

SANYO MARUBENI (UK) has made the following appointments; Mr. K. Matsumori has become chairman and Mr. M. Akabane a director. Mr. Y. Shimao, the previous chairman, is returning to Japan to take up a new post having served six years in the UK. Mr. D. J. Churchill has been appointed sales and marketing director.

★

Mr. Bernard Smith, an executive director of JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, is to resign from the Board at the end of July. He will continue in the service of the company for a further period until he takes up a new appointment.

★

Monsieur P. Haas and Monsieur A. Autheman have been elected members of committees of the OTTOMAN BANK.

★

Lt.-Gen. Sir Michael Gow is to be Commander in Chief British Army of the Rhine and Commander Northern Army Group in October 1980, in the rank of General, in succession to General Sir William Scotter. At the same time Major General N. T. Bagnall will become Commander 1st (British) Corps, in the rank of Lieutenant General, in place of Lieutenant General Sir Peter Leng. Major General T. L. Morony is to be Deputy Chief of the Defence Staff (Operation Requirements), Ministry of Defence, in September 1980, in the rank of Lieutenant General, to succeed Vice-Admiral Sir Stephen Berthon.

★

Mr. Henry Cottrell has been appointed chairman of PENNINE PROPERTY UNIT TRUST to succeed Lord Thomas of Remenham, who died recently. Mr. Cottrell was formerly a senior partner with Phillips and stockbrokers.

★

Mr. B. Langford has been appointed to the Board of ELLERMAN TRAVEL AND LEISURE as marketing director. Mr. A. Montgomery has joined the Board as finance director and Mr. T. O'Neill as operations director.

★

The Prime Minister has appointed Mr. Maurice Lindsay, as a trustee of the NATIONAL HERITAGE FUND.

★

Mr. R. J. Raeburn, formerly treasurer of the European group of companies of The Bowater Corporation, has been appointed an assistant treasurer of the BOWATER CORPORATION.

COMMODITIES AND AGRICULTURE

Good start for potato futures

By Our Commodities Staff

POTATO futures trading had an encouraging start in London at the Baltic Exchange yesterday with a first day's turnover of 131 lots of 40 tonnes each.

Prices started on a rather high note, but soon came down under persistent selling. The November position, for example, opened at £52 a tonne, fell to £50 for a while, and eventually declined further to close at £49.40. There was a similar pattern in the two other trading months. February opened at £57 and closed at a low of £53.80. April started at £60 and ended at £57.50.

Although the first day's turnover is certainly encouraging, the testing time will come later when the market has settled down and the real trade interest becomes clearer.

Much will depend in the short term on the progress of the forthcoming main potato crop. The recent rains have certainly improved prospects for the crop and the feeling is that there could well be a surplus of supplies that could drive prices down to the guaranteed level of £43.90 a tonne. If the cost of bagging potatoes is added the current futures prices still look relatively cheap, however.

Boost for wool futures market

ACTIVITY ON the relaunched London crossbred wool futures market has increased substantially since the introduction of kerb trading in New Zealand overnight.

Mr. André Maes, chairman of the London Wool Terminal Association, at the association's annual meeting yesterday, said that during the nine days since trading started in New Zealand, turnover had jumped to 440 lots.

The London wool futures market, which has been battling against declining interest over the years in European trade circles, appears to have tapped a new concept in bringing together trading in centres thousands of miles apart. Trade interest is now coming mainly from New Zealand merchants, who deal overnight and then register transactions with London members the following morning.

Copper and tin fall as market gloom deepens

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell to new 10-month lows on the London Metal Exchange yesterday, in spite of a larger than expected fall in warehouse stocks. Cash wirebars closed £8.5 lower at £835 a tonne, reflecting continued gloom at prospects for demand, especially in the U.S.

However, stocks held in LME warehouses declined for the third week in succession dropping by 1,400 tonnes to reduce total holdings to 114,275 tonnes.

The main influence in the market remains the deepening recession in the U.S. that has already hit demand there and forced producers to lower their domestic prices.

Although U.S. copper workers' three-year labour contracts expire at the end of this month, it is generally felt that there will only be a limited stoppage.

Tin prices fell in spite of a decline in warehouse stocks, down by 150 to a total of 2,185 tonnes. The market had already discounted a fall in stocks, and was more influenced by the drop in the Penang market over the weekend to $M2,144 a piail national Tin Agreement "ceil- (133.3lbs)—$M6 below the Intering" of $M2,150.

There was reported to be increased offerings to the Malaysian smelters by miners anxious to sell before the U.S. stockpile tin sales programme starts on July 1. Meanwhile International Tin Council officials are in Washington this week to discuss the failure of the recent negotiations for a new Tin Agreement to replace the existing past that is due to expire next June.

Lead prices moved up, although there was a rise of 3,975 tonnes in warehouse stocks increasing total holdings to 24,350 tones. An even bigger stocks increase ha dalready been discounted last week, so there was not the expected selling pressure on the market. As a result cash lead closed £5 higher at £310 a tonne.

Other stock movements: Zinc fell by 1,525 to 57,250 tonnes, aluminium by 1,350 to 22,950 and nickel by 438 to 6,642 tonnes. LME silver holdings rose by 810,000 to 28,050,000 ounces.

Platinum fall forecast

BY JOHN WICKS IN ZURICH

A DOWNWARD trend in the price of platinum is forecast due to increased supply and a decline in demand, according to an article published in the latest monthly bulletin of the Zurich bank Credit Suisse.

For this year, the bank estimates that supply will reach some 2,445 tonnes, as compared with a provisional figure of 2,320 tonnes recorded for 1979. Of the 1980 volume, some 2,345 tonnes would be accounted for by mined production and the remaining 100 tonnes by recovery. A further 300 tonnes, as compared with some 250 tonnes last year, could come from the Soviet Union.

While Credit Suisse says that Soviet deliveries this year remain uncertain, it draws attention to South African plans to increase capacity and forecasts that Canadian output will return to normal after last year's strikes and the fall in nickel production.

On the demand side, the bulletin expects a drop in industrial use as a result of recession, particularly in the U.S., the fall in car manufacture and the marked reserve of Japanese jewellers.

However, the question of an increase in U.S. strategic reserves in said to be "still pending."

Stocks are said to have shown a noticeable increase in recent weeks but remain relatively small. The bank stresses that it is difficult to judge the future reactions of private investors and speculators in platinum, but it believes that supply should exceed demand by between 70 and 345 tonnes this year.

Convertible commodity bond

BY OUR COMMODITIES STAFF

CONVERTIBLE commodity bonds as a means of recycling more funds into primary producing countries was suggested yesterday at Royal Institute of International Affairs meeting at Chatham House.

Mr. Robert Perlman, managing director of Commodities Research Unit, said the recent rise in oil prices threatens once again to put the international financial system under serious strain.

One way of coping with the additional financing costs required, for example, in developing a new mine would be to introduce commodity bonds as a financial instrument. These would be redeemable at par when they matured, but could also be convertible into the mineral to be produced with the end of the loan.

The convertibility of the bonds would provide a form of hedge against inflation and foreign exchange fluctuations, and buyers should therefore be willing to lend at lower rates of interest.

Such commodity bonds could help to recycle balances in the oil-producing countries to less developed nations by providing a convenient way of converting them into a "basket" of other commodities, Mr. Perlman claimed.

Since there was no reason why a secondary market should not develop, there could also be opportunities to liquidate holdings prior to maturity which would help overcome the reluctance of some surplus holders to contribute to long-term lending.

The bonds could also improve the relationship between a host government and a foreign mining company by providing in effect a self-liquidating arrangement which would be less exposed than traditional direct investment to political and commercial shocks.

Commodity bonds would shift some of the risk and some of the reward of mining investment, in a way which would attract more finance and help to stabilise government, company and bank relationships, as well as encouraging greater world supply of basic raw materials at prices lower and more stable than they have been

Sharp fall in coffee prices

By Our Commodities Staff

COFFEE prices dropped sharply on the London robusta futures market yesterday following reports of heavy selling by the Bogota Fund—the group of producing countries that has been supporting the market. The September position on the futures market collapsed from a high of £1,690 to close at £1,641 a tonne, £58.5 down on Friday's close.

Traders were at a loss to explain the sudden decline, except to point at the selling by the producer group, which was then exaggerated by speculators moving out, too. It is felt the producers' fund may be finding the cost of supporting prices too costly in the absence of any frost damage in Brazil to boost the market.

Another theory was that Brazil had decided to switch support for the coffee market into cocoa where it has recently been forced to abandon its minimum export price. In any event, cocoa prices rose yesterday with the September position gaining £21.5 to £1,123.5 a tonne.

World sugar prices came under selling pressure from speculators in the absence of any further encouraging news. Although the London daily price for raw sugar was raised by £5 to £330 a tonne in the morning, the October position closed £15.125 lower at £376.375 a tonne.

Loan scheme for joint purchase of farm machinery

By John Cherrington

A LOAN scheme to enable syndicates of two or more farmers or growers jointly to purchase agricultural machinery and equipment, was announced yesterday by National Westminster Bank.

Loans of up to 80 per cent of the purchase price, net of grant, are available for up to seven years for new machinery and up to five years for used machinery.

Loans will be offered either at fixed interest rates and regular monthly reductions, or by an ordinary loan at 2 per cent above base rate for loans up to five years or 2.5 per cent over base rate for longer term loans.

The scheme is open to all members of the National Farmers Union.

UK TOMATOES

Home industry faces another oil crisis

AFTER SEVEN years of relative calm, the British tomato industry is sailing into some of the stormiest weather in its history. In both mainland Britain and the Channel Islands, glasshouse production is shrinking again, for the first time since the 1973 oil crisis.

Oil is again the culprit, this time abetted by the advantage Holland enjoys over the UK in the cost of energy for heating glasshouses — an advantage variously estimated at £150 a tonne, £10,000 an acre and 3p a lb. Britain's import of Dutch tomatoes last year rose 34 per cent to almost 40,000 tonnes.

A warning by the National Farmers' Union goes so far as to say that unless Dutch energy costs are brought into line with those of the rest of the EEC by the start of the 1981 growing season next November, UK glasshouse tomato production will cease.

Producers feel that only such dire predictions can be expected to attract help from a British Government that has shown its dedication to non-intervention and "letting them get on with it." They point enviously to the heating grants of £12.5m and £5m made respectively in West Germany and France.

Nor has the free market shown much sign of coming to the growers' rescue. The average price of tomatoes on the UK market in 1979 was actually 6 per cent lower than in 1978, and although there will be some nominal improvement this year inflation in production costs will more than take care of it.

Figures are not yet available, but a substantial number of the 2,000 hectares under glass in Britain have this year been diverted to other crops, notably lettuce, that require less warmth and thus less fuel. But the Dutch can be relied on to fill the gap.

A refinement

Holland's advantage is not just a matter of energy costs artificially held down for the benefit of tomato growers. Its glasshouse industry is so compact and close to the natural gas that supplies 90 per cent of its heating energy—at three-quarters the price of the oil used by UK growers—that its distribution is much cheaper.

The use of unheated polythene structures has recently extended in the UK as growers try to catch a market share that is profitable if the cost of production excludes heating. But this development is marginal, and represents a refinement of open-air culture rather than an alternative to glass.

In Guernsey the picture is even grimmer. At this point in the season, production is 500,000 six-kilo trays down on an overall target of 8m—the reaction to a glut of supplies last August and September and dismal prices. So discouraged have Guernsey producers been that in the past two years the tomato acreage has shrunk by 20 per cent.

To some degree this has been offset by a drive for more efficiency. Yield per hectare has been stepped up but the interest charges on capital expanded on increased efficiency have in most cases cancelled out the gains. The Guernsey Tomato Marketing Board pointed out that although market prices had improved this season, the cost of financing capital made it doubtful whether growers who had modernised would end the year in profit To Guersney producers, interest rates are even more of a villain than oil.

For both Britain and Guernsey—as well as for Spain, whose fruit, grown in the open takes over a £60m share of the market from October until the import duty jumps to 18 per cent in mid-May—the decline in Britain's per capita consumption of tomatoes is a further worry. The figure fell from a peak of 16 lb a head in the 1950s to 15 lb in the early 1960s and the present level of 13 lb.

Like the northern producers, Spain is fighting for more efficiency by such means as the use of improved hybrid varieties.

But the rewards are poor. For all producers supplying the UK market, 1980 will be a critical year.

New technology for farmers

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

SYSTEMS and technology are the new word substitutes for farming practice and husbandry. Cereal crops are now grown on a Blueprint system in which a certain number of inputs are applied to a crop and the result is, or should be, a foregone conclusion. These systems originated from commercial companies with products, fertilisers and chemicals to sell.

The Ministry of Agriculture's Agricultural Development and Advisory Service joined the new fachion and have done some very worthwhile work in moderating the more enthusiastic claims of some system advocates. Dr. Keith Dexter, Director General of the Service, said in his 1979 report out yesterday, this was only one way in which it was helping farmers.

ADAS highlights the fact that there are two ways of making a profit—either with high input, high output or conversely low input and a low output. In many cases the latter system is actually better for the farmer. Attendances at Ministry demonstrations—up by a third on the previous year—show that this side of the service's work is appreciated.

The service is basically responsible for animal health and has hand responsibility for the eradication of brucellosis. This is now in its final stages. But the Veterinary Laboratories and the service generally have been deeply involved in monitoring the health of intensive livestock and in particular the danger of some animal diseases transferring to humans.

Dr. Dexter underlined the difficulty or recruiting sufficient veterinary staff of the high standard needed, mainly because the circumstances of private practice were more attractive to new graduates.

The morale in the service appears to be better than it was a few years ago, when staffing cuts caused a great deal of uncertainty. However, he refused to be drawn on the possible effects of the latest Government cuts in terms of manpower, where he said discussions were still going on.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed in quiet and routine trading on the London Metal Exchange. Forward metal opened at £860, and traded in a narrow range during the morning rings until the announcement of stock levels. These were felt to be worse than expected, and the price went to £861 by the close of the morning Kerb. This proved to be the high of the day, and the price quickly came back to £852 during the afternoon. A late rally took forward metal to £857 at the close of the late Kerb. Turnover: 23,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	834.5-5.5	-10.5	834.5-835.5	-6.5
3 months	855.5-6	-11.5	855-6	-7.25
Settlem't	835.5	-10.5	—	......
Cathodes				
Cash			807-9	-8.5
3 months	808-10	-10.5	831-3	-9
Settlem't	835-6	-8.5	—	......
U.S. Prod	810	-10	*88-90	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £835, three months £860, 59, 58, 56, 55, 56, 56.5, 56. Cathodes: Cash untraded, three months £835. Kerb: Three months wirebars £854, 53.5, 53, 52.5, 53. Cathodes: untraded. Afternoon: Cash wirebars untraded, three months £853, 54, 56, 55, 56. Cathodes: Cash untraded, three months £833. Kerb: Three months wirebars £855, 56, 57, 57.5, 58, 57.5, 57. Cathodes untraded.

TIN—Lost ground in fairly active trading. Forward metal opened at £7,300 but slipped to close the morning Kerb at £7,290. After opening afternoon dealings at £7,280, the price touched £7,300 during the second Ring before profit-taking brought it back to close the late Kerb at £7,275. The contango widened to £50. Turnover: 1,020 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7275-85	-98	7250-80	-70
3 months	7320-40	-98	7335-60	-82.5
Settlem't	7285	-90	—	......
Standard				
Cash	7260-70	-8.25	7250-80	-70
3 months	7295-300	-87.5	7300-20	-520
Settlem't	7270	-85	—	......
Straits E.	‡$2159	......		......
NewYork	—	......		......

Morning: Standard: Cash £7,285, 70, three months £7,310, 05, 7,300, 7,290, 95. High Grade: Cash £7,280, three months untraded. Kerb: Three months Standard £7,290, high grade untraded. Afternoon: Standard cash untraded, three months £7,280, 75, 80, 85, 90, 7,300. High grade untraded. Kerb: Three months standard £7,290, 80, 75. High grade untraded.

LEAD—Slightly firmer in light trading. Forward metal opened lower at £315, and there was little movement before it closed the morning Kerb at £317. Afternoon dealings saw the price decline to £315, but a late rally took it up to £318.5 by the close of the late Kerb. Turnover: 7,800 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	307-8	+7	309.5-10.5	+5
3 months	316-7	+7	318-.5	+5.5
S'ment	308	+7	—	......
U.S. Spot	—	......	*36-40	......

Morning: Cash £305, 7, 8, three months £314, 16, 17. Kerb: Three months £317. Afternoon: Cash £310, three months £316, 17, 18, 18.5. Kerb: Three months £318.5, 19.

ZINC—Little changed with forward metal opening at £297.5 and closing at £298.5 after a day of quiet and routine trading. Turnover: 7,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	287.5-8	+5.5	283-5	-.5
3 months	299-8	+3.25	295.5-6.5	-.75
S'ment	288	+5.5	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash £288.5, 88, three months £296, 97, 98, 99, 300, 299. Kerb: Three months £298, 97, 96. Afternoon: Cash untraded, three months £296. Kerb: Three months £297.

ALUMINIUM—After opening slightly higher at £705, the forward metal fell sharply to £700 following general liquidation. This triggered stop-loss selling which took the price as low as £687 before a rally lifted it to close the late Kerb at £700. Turnover: 7,900 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+or —
	£	£	£	£
Spot	685-6	-4.5	680-3	-11.5
3 months	699-700	-1.25	695-7	-6

Morning: Cash £688, 87, three months £705, 4.5 5, 4, 3, 2, 1, 700, 699. Kerb: Three months £697, 90, 92, 91, 90, 88, 87, 88, 89, 90, 89. Afternoon: Cash untraded, three months £692, 91, 90, 88, 90, 91, 92, 93, 94, 95, 96. Kerb: Three months £695, 97, 99, 700, 96, 97, 96, 97, 700.

NICKEL—Moved higher in uneventful trading. Stocks were in line with most expectations, and after closing morning dealings at £2,740, the price rose on the Karb to £2,780. There were signs during the afternoon of short covering, but this was not sustained and forward metal closed the late Kerb at £2,750. Turnover: 162 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2660-80	+20	2665-75	+5
3 months	2740-50	......	2750-60	+15

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: All untraded. Kerb: Untraded. Afternoon: Cash £2,670, three months £2,770, 60. Kerb: Untraded.

CORAL INDEX: Close 465-470 (+11)

SILVER

Silver was fixed 4.8p an ounce lower for spot delivery in the London bullion market yesterday at £6.8355. U.S. equivalents of the fixing levels were: Spot $16, down 15c; three-month $16.335, down 15.5c; six-month $16.738, down 10.2c; and 12-month $17.462, down 10.6c. The metal opened at £6.80-£6.95 ($15.90-16.20) and closed at £6.75-£6.90 ($15.80-16.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	683.55p	-4.8	678.0p	-21.
3 months	710.80p	-4.55	706.5p	-25.5
6 months	735.30p	-3.2	—	......
12months	780.30p	-3.2	—	......

LME—Turnover 101 (164) lots of 10,000 ounces. Morning: Three months 710, 08, 09, 10, 09. Kerbs: Untraded. Afternoon: Three months 705, 8, 7, 6, 5, 8. Kerbs: Three months 707, 10.

COCOA

Futures moved higher on almost total lack of sellers and in thin trading conditions ended the day £20 above the levels of Friday evening, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
July	1100-02	+18.5	1102-1088
Sep.	1123-24	+21.5	1125-02
Dec.	1168-70	+18.5	1170-55
March	1210-12	+22.5	1212-1198
May	1230-37	+21.5	1226
July	1250-60	+19.0	—
Sept.	1260-90	+13.0	—

Sales: 808 (2,773) lots of 10 tonnes.

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1565-67	-57.0	1632-583
Sept	1640-42	-58.5	1690-40
Nov	1659-60	-62.5	1711-660
January	1681-85	-47.0	1717-683
March	1635-50	-64.0	1680-60
May	1640-50	-39.5	1665-50
July	1620-50	-47.5	—

Sales: 7,124 (4,985) lots of 5 tonnes. ICS Indicator prices for June 13 (U.S. cents per pound): Other Mild Arabicas 188.17 (188.33). Robustas ICA 1976 175.25 (174.25). ICA 1968 175.50 (174.50). Unwashed Arabicas 209.00 (same). Comp. daily ICA 1968 182.03 (191.72).

GRAINS

LONDON GRAIN FUTURES—The market opened 5p lower. Values held about steady at 15p lower and rallied slightly in thin volume to close steady 5p-15p higher with still greater buying interest in wheat, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	95.05	+0.65	91.75	......
Nov.	98.95	+0.10	95.60	......
Jan.	102.85	+0.06	99.50	......
Mar.	106.35	+0.15	102.85	+0.10
May.	109.70	+0.05	106.10	+0.15

Business done—Wheat: Sept. 95.05-94.85, Nov. 98.86-98.70, Jan. 102.85-102.70, March 106.30-106.05, May 109.70-109.50. Sales 81 lots of 100 tonnes. Barley: Sept. 91.75-91.60, Nov. 95.60-95.50, Jan. 99.50-99.40, March no trade, May 106.00-105.80. Sales 127 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, July 94.00, Aug. 95.50, Sept. 96.25 transhipment East Coast sellers. English Feed fob Sept. 98.50 paid East Coast. Maize: French June 119.50, July 119.75 East Coast sellers. South African Yellow June-July 77.00 seller. Barley: English Feed fob June 96.50, Oct.-Dec. 99.25, April-June 109.75 sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Other milling wheat: E. Midlands 104.00. Feed barley: E. Midlands 91.00, N. East 95.20.

The UK Monetary Coefficient for the week beginning Monday, June 23 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

WOOL FUTURES

BRADFORD WOOL—Buying interest remained poor, with any inquiry pitched at low levels. Local industry is still constrained by high finance costs and strength of sterling.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Aug. 364, 368, 365, 2; Oct. 366, 368, 368-365, 3; Dec. 365, 368, 369-368, 11; Jan. 367, 370, 370-368, 22; March 370, 373, 372-370, 31; May 372, 375, 374-371, 21; Aug. 373, 376, 376, 12; Oct. 372, 375, 375, 1; Dec. 372, 380, nil, nil. Sales: 103.

TEA AUCTION

LONDON TEA AUCTION—48,159 packages were offered at yesterday's auction. Selected North Indians were substantially dearer, mediums firm, and plain types were neglected. Sylhets were also irregular, sometimes dearer. Selected East Africans were dearer, Central Africans irregular, with Mozambiques dearer. Flavoury Ceylons sold well, Indians were strong and dearer. Quotations: Quality 148p per kilo (147p); Medium 105p (101p); Plain 73p (71p).

RUBBER

The London physical market opened slightly steadier, ruled quiet throughout the day, closing on an idle note. Lewis and Peat reported a Malaysian godown price of 298 (295) cents kg (buyer, July).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
July	61.40-61.50	61.10-61.20	61.50
Aug.	62.50-62.80	62.20-62.50	—
Jly.-Sept	62.50-62.80	62.30-62.40	62.60-62.50
Oct.-Dec	65.90-66.00	65.60-65.70	66.00-65.70
Jan-Mar	68.30-69.10	68.50-68.80	69.00-68.60
Apr-Jne	71.60-71.80	71.20-71.50	—
Jly.-Sept	74.50-74.70	75.80-74.60	—
Oct-Dec	75.90-77.00	76.50-76.90	77.00
Jan-Mar	79.50-79.60	79.00-79.20	79.60-79.40

Sales: 162 (145) at 15 tonnes, 3 (4) at 5 tonnes.

Physical closing prices (buyer) were: Spot 60.00p (same). July 63.75p (64.00p), August 64.50p (64.75p).

SOYABEAN MEAL

The London market opened with small gains on commission house buying, reports T. G. Roddick. In a dull, featureless day prices held steady and closed with rises of up to 50p.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	95.00-98.00	+1.0	—
August	100.80-01.0	-0.55	101.00
October	101.00-01.2	+0.20	101.50-01.20
December	104.60-04.7	+0.40	104.80-04.00
February	107.50-08.5	+0.40	—
April	110.00-10.8	+0.30	—
June	110.00-13.0	—	—

Sales: 11 (30) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £330.00 (£325.00) a tonne cif for June-July-Aug. shipment. White sugar daily price was £348.00 (£340.00).

With no fresh news to sustain buying interest prices fell away as commission house long liquidation developed and soon losses of £10 had been recorded. Although some short covering was apparent on the decline this was soon eradicated and further losses of some £7 occurred by the close, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug.	358.50-59.00	372.25-72.50	376.00-56.75
Oct.	376.25-76.50	391.50-92.00	395.00-76.50

Sales: 6,418 (8,262) lots of 50 tonnes.

NUMBER 4 CONTRACTS—Close (in order buyer, seller only). Aug. 353.50, 354.00; Oct. 368.25, 369.00; Jan. 381.50, 382.00; March 388.00, 388.25; May 381.00, 383.00; Aug. 374.00, 376.00; Oct. 370.00, 371.00. Sales: 4,157 (73.79).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £449.50 (£447.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 13: Daily price 32.34 (30.19); 15-day average 31.30 (31.29).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 93 tonnes. Operations failed to broaden, although occasional orders were received. Demand centred on American-type qualities, with Middle East and African styles in chief request.

★

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00, codlings £2.50-£3.00. Large haddock £4.20-£4.70, medium £3.60-£4.60, small £2.00-£2.80. Large plaice £4.00, medium £3.50-£4.50, best small £3.50-£4.50. Skinned dogfish (large) £9.60, (medium) £7.00. Lemon soles (large) £6.50. Saithe £2.00-£3.10.

PRICE CHANGES

In tonnes unless otherwise stated.

	June 16 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1655/65	-45	$1800/50
Copper			
Cash w'bar	£835	-6.5	£878.5
3 mths	£855.5	-7.25	£909.25
Cash Cathode	£808	-9.5	£858
3 mths	£832	-9	£884.5
Gold troy oz.	$595	-12	$514.5
Lead cash	£310	+5	£332.5
3 mths	£318.25	+5.5	£342.5
Nickel	£3,248.55		£3,335
Freemkt(cif (lb)	270/300c		265/295c
Platin'm tr'y oz	£182.50	......	£189/135
Free mkt	£270.15	-5.75	£243.75
Quicksil'ver‡	$370/380	......	$380/390
Silver troy oz	683.55p	-4.8	542.56p
3 months	710.80p	-4.55	558.05p
Tin Cash	£7,265	-70	£7,310
3 mths	£7,310	-52.5	£7,355
Tungsten22.04lb	$141.75	......	$144.50
Wolfrm 22.04 lb	$140/144	......	$139/143
Zinc cash	£284	-0.50	£303.5
3 months	£296	+0.75	£315.75
Producers	$780	......	$780/825
Oils			
Coconut (Phil)	$650x	-2.5	$652.50
Groundnut	‡	......	‡
Linseed Crude	£399	+8	‡
Palm Malayan	$582.50x	+2.5	$582.50
Seeds			
Copra Philip.	$440	+10	$402.5
Soyabean(U.S.)	$264.95z	-0.55	$264.55
Grains			
Barley Futures	£95.60	......	£92.60
Maize			
French No3AM	‡	‡	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling	‡	......	‡
Other commodities			
Cocoa ship't.	£1,179	+16	£1,219
Future Sept.	£1,123.5	+21.5	£1,188.5
CoffeeF't Sept.	£1641	-58.5	£1,741.5
Cotton A.Index	83.80c	......	88.50c
Rubber (kilo)	60p	......	59.25p
Sugar (Raw)	£330	+5	£345
Wooltp's 64s kl	293p	......	295pkilo

u July-Aug. s June-July. W Aug. x July. z Indicator. § Buyer. ‡ Per 276-lb flask.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 16. GB cattle 81.69p per kg lw (−0.46); UK sheep 148.69p per kg est dcw (−6.41); GB pigs 66.06p per kg lw (−0.49).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 67.0 to 71.0, Eire hindquarters 83.0 to 86.0, forequarters 42.0 to 46.0. Veal: Dutch hinds and ends 100.0 to 104.0. Lamb: English small new season 60.0 to 72.0, Imported frozen N.Z. PL 60.0 to 61.0, PM 57.0 to 59.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 39.0 to 47.5, 120-160 lb 37.0 to 45.5.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Jaffa: Valencia Lates 2.80-4.00; Egyptian: Valencia Lates 75/125s 2.00; Moroccan: 54/113s 3.40-4.30; Cyprus: Valencia Lates 3.80-4.50; Arizona: Valencia Lates 72/113s 3.80-5.00; Outspan: Navels 3.80-4.55. Lemons—Italian: 100/150s 3.00-3.50; Spanish: Trays 25/45s 1.80-2.00, boxes 4.40-5.50. Grapefruit—Jaffa: Boxes 40/56s 5.00-5.50; Outspan: 4.00-4.85. Apples—New Zealand: Sturmer Pippins 8.20, Red Delicious 138s 9.00-9.20, Richared 8.00-8.60, Granny Smith 8.50-8.60; Tasmanian: Jonathans 8.30, Golden Delicious 7.30-7.50, Crofton 8.50, Sturmer Pippins 8.20-8.40; S. African: Golden Delicious 9.50-9.80, Starking 7.80-8.60, Yorks 8.00-8.80, Granny Smith 8.50-8.80; Dutch: 22 lb Golden Delicious 2.40; French: 40-lb boxes Golden Delicious 138/198s 5.80-6.50, 20-lb 3.20-3.40; Italian: Jonathans/Romes 40 lb 5.80-6.00, Winesape 5.80. Pears—S. African: Approx. 35 lb Packham's 8.50-9.00, Winter Nelis 6.50-7.50; Italian: Passacrassane 12 lb 2.00; Victorian: Josephines 9.50-10.00, Packham's 9.50-10.50, Winter Nelis 8.40-8.80. Peaches—Spanish: Yellow flesh 3.00-4.00; Italian: 4.50. Plums—Spanish: Red, per lb 0.30-0.50, Yellow 0.30-0.35. Apricots—Spanish: 2.30-3.00. Grapes—Victorian: Ohanes 23 lb 15.00; S. African: Barlinka 11.00. Strawberries—Per punnet, Italian: 0.20-0.25; Spanish: 0.20; American: 0.85. Cherries—Per lb, French: 0.40-0.55; American: 0.80; Lebanese: 0.70; Italian: 0.60. Melons—Israeli: Galia 4.00-4.50; Spanish: Galia 5/6s 3.60, Ogen 3.50-4.00, Mariana 5 kilos 2.40; Israeli: Yellow 5.00-5.25. Water-melons—Israeli: 5.00; Spanish: 3.30-3.50. Avocados—S. African: 2.80-3.20. Bananas—Jamaican: 28 lb, per lb 0.18. Tomatoes—Dutch: 2.00-2.20; Guernsey: 1.80-2.50; Jersey: 2.00-2.20; Albanian: 1.50; Romanian: 1.80. Onions—Dutch: 6.20; Spanish: 6.20-6.50; Texas: 7.50; Moroccan: 6.30. Potatoes—Cyprus: New crop 20 kg 4.80; Jersey: 3.30-3.55. Carrots—French: 22 lb 2.50, 28 lb 3.50; Italian: 3.00. Beetroots—Cyprus: New crop, approx. 28 lb 2.80-3.00. Cabbages—Dutch: White 2.50-2.80. Courgettes—French: Per lb 0.30. Capsicums—Spanish: 3.00; Canary: 3.00-3.50; Dutch: 4.80.

English produce: Potatoes—Per bag 2.00-2.30. Mushrooms—Per lb 0.60-0.65. Apples—Per lb Bramley 0.11-0.19. Strawberries—English per ½-lb 0.12-0.18. Cabbages—Per bag 1.00-1.20. Cauliflowers—Per 12s English 2.50-4.00. Pears—Per lb 0.10-0.15. Broad beans—Per lb 0.08. Cucumbers—Trays 16/20s 1.80-2.00. Tomatoes—Per 12 lb 1.60-2.00. Lettuce—Per lb round 0.80-1.00, Cos 1.20, Webbs 1.20. Rhubarb—Per lb outdoor 0.06. Onions—Per bag 7.00-7.50. Celery: English 12/30s 3.00-3.60. Asparagus—Per lb 1.20. Gooseberries—Per lb 0.20.

AMERICAN MARKETS

NEW YORK, June 16.

WEAKER OVERSEAS markets and commission house liquidation pushed gold and silver lower. Livestock markets retreated moderately in response to a bearish cattle on feed report. Sugar prices were limit down on heavy profit-taking. Copper showed moderate gains on early trade buying. Cocoa rallied on technical buying, coffee closed limit down. Cotton was recovering from minor losses most of the day. Grains and soyabeans rallied for good gains as progress of the crop was slowed by record low temperatures in the U.S., reported Heinold.

Copper—June 84.40 (84.15), July 84.80-85.00 (84.55), Aug. 85.65, Sept. 86.20-86.50, Dec. 87.90-88.50, Jan. 89.00, March 90.00, May 91.80, July 93.20, Sept. 94.60, Dec. 96.70, Jan. 97.40, March 98.80. Sales: 4,250.

Potatoes (round whites)—Nov. 75.0 (74.2), March 89.9 (89.4), April 104.5. Sales: 768.

Sugar—No. 11: July 32.60-32.70 (35.00-35.25), Sept. 34.98 (36.48), Oct. 35.86, Jan. 36.50-37.00, March 37.42, May 36.05-36.15, July 35.15-35.20, Sept. 34.25-34.30, Oct. 34.00-34.05. Sales: 10,725.

Tin—772.00-777.00 asked (784.00-794.00).

CHICAGO, June 16.

Lard—Chicago loose 17.50 (17.25). New York prime steam 17.50 (17.25).

Chicago Imm Gold—June 59.40 (610.0), July 597.0 (613.0), Sept. 604.0-605.0, Oct. 610.0, Dec. 619.5-621.0, Jan. 625.5, March 635.5, April 641.0.

Live Cattle—June 67.70-67.80 (67.50), Aug. 66.55-66.40 (67.00), Oct. 65.05-65.15, Dec. 66.45-66.35, Jan. 67.05, Feb. 67.55-67.60, April 68.20.

Live Hogs—June 36.50 (35.60), July 37.47-37.40 (37.92), Aug. 37.10-37.20, Oct. 37.45-37.40, Dec. 40.62-40.65, Feb. 43.60, April 24 6.0, June 44.65, July 45.45.

‡‡Maize—July 280½-280¾ (278¾), Sept. 288½-287¾ (285½), Dec. 296-295½, March 307½-307¾, May 315, July 320.

Pork Bellies—July 29.45-29.20 (29.90), Aug. 29.45-29.60 (30.10), Feb. 46.65-46.75, March 46.65, May 47.40, July 48.30, Aug. 47.10.

Silver—June 1551.0 (1645.0), July 1600.0 (1660.0), Aug. 1609.0, Oct. 1637.0, Dec. 1665.0, Feb. 1693.0, April 1721.0, June 1749.0, Aug. 177.0, Oct. 1805.0, Dec. 1833.0, Feb. 1861.0, April 1889.0, June 1917.0, Aug. 1935.0, Oct. 1963.0.

†Soyabeans—July 635-634 (625½), Aug. 642½-643 (632¾), Sept. 650½-650, Nov. 665½-666, Jan. 679, March 695½, May 705½-707½, July 715½.

‖Soyabean Meal—July 172.3-172.2 (171.3), Aug. 175.3 (174.1), Sept. 178.3, Oct. 181.1-181.2, Dec. 185.5-185.4, Jan. 188.2, March 191.0-191.5, May 195.0-195.5, July 199.2-199.5, Aug. —.

Soyabean Oil — July 22.12-22.10 (21.63), Aug. 22.32-22.35 (21.87), Sept. 22.55, Oct. 22.80-22.75, Dec. 23.15-23.10, Jan. 23.20, March 23.55-23.50, May 23.85, July 24.10-24.15, Aug. 24.20-24.25.

†Wheat—July 406½-406 (402¾), Sept. 418-417½ (413¾), Dec. 436½-436, March 451½-452, May 458½, July 460½.

All cents per pound ex-warehouse unless otherwis stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, June 16.

Wheat—U.S. No. 2 Red Winter July $172, Aug. $176, Sept. $181. U.S. No. 2 Northern Spring, 14 per cent, June $198, July $196.25, Aug. $197.50, Sept. $199.50, Oct. $202, Nov. $205, Dec. $211. Rest unquoted.

Maize—Spot $145.50, afloat $141, June $141, July $139.50, Aug. $140, Sept. $141, Oct./Dec. $145, Jan./March $153.25.

Barley—June $143.50, July $145.75, Aug. $148.

Soyabeans—U.S. Two Yellow Gulfports June $257.50, July $259, Aug. $261.50, Sept. $265, Oct. $267.75, Nov. $267.75, Dec. $273, Jan. $277, Feb. $282, March $285. Brazil Yellow FAQ afloat $251 paid. Argentine June/July $253.50, Aug. $256.50, Sept. $261.50.

Soyameal—44 per cent protein, U.S. afloat $214, June $215, July $218, Aug. $220, Sept. $224, Nov./March $238. Brazil Pellets afloat $221, June $221, July $222.50, Sept. $230, Oct. $236, Nov./March $246.75.

PARIS, June 16.

Cocoa—(FFr per 100 kg). July 1,100, Sept. 1,080-1,095, Dec. 1,103-1,105, March 1,135-1,160, May 1,140, July 1,150. Sales at call: 2.

Sugar—(FFr per 100 kg). Aug. 3,326-3,330, Oct. 3,470-3,480, Nov. 3,450, Dec. 3,590-3,610, March 3,711-3,737, May 3,740, July 3,750, Aug. 3,760. Sales at call: 2.

INDICES

FINANCIAL TIMES

Jun 13	Jun 12	M'nth ago	Year ago
264.92	264.75	271.71	296.83

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	June 13	June 12	Month ago	Year ago
Spot	431.79	429.67	440.72	423.31
F'tur's	446.79	442.77	442.51	429.31

(Average 1924-25-26=100)

MOODY'S

Jun 13	June 12	M'nth ago	Year ago
1138.7	1126.0	1115.3	1105.4

(December 31, 1931=100)

REUTERS

June 16	June 13	M'nth ago	Year ago
1672.0	1677.2	1720.8	1637.0

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Strong start to the Account on interest rate hopes

Tap stock exhausted and Gilts close over 2 higher

Account Dealing Dates
Options

*First Declara- Dealings	tions Dealings	Last Account Dealings	Day
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7
June 30	July 10	July 11	July 21

* "New time" dealings may take place from 9 am two business days earlier.

The two main investment sectors in stock markets started the new Account with a renewed show of strength yesterday. British Funds were well to the fore with gains extending to over 2 points, while double-figure rises were commonplace throughout the equity sectors. Market sentiment was again dominated by continuing optimism about an early reduction in domestic interest rates, while the better-than-expected May trade figures gave an added stimulus in the late dealings.

Another big overseas demand developed for British Funds which were boosted at the start by the exhaustion of the medium tap, Exchequer 13¼ per cent 1994, at 40⅜. This led to an extremely active day's trade throughout the list and the expired tap finished the day 1¾ up at 42. The Government securities index rose 1.17 to a 1980 peak of 69.58.

Leading equities opened sharply higher, partly reflecting last Friday's late demand. Fresh investment support developed at the enhanced levels and, despite faltering around mid-day on profit-taking, final quotations were around the day's best. The FT 30-share index had its biggest single-day rise for five months in closing 11.1 up at 467.6 for a gain of 54.9, or more than 13 per cent, in the past 10 trading days.

Hambros jump

Among the equity sectors, Banks, Insurances and Hire Purchases were prominent in yesterday's advance, while Electricals also stood out with Racal good awaiting preliminary results on Thursday. Weekend Press commet met with a ready response, but many of the day's rises were accentuated by stock shortage.

The buoyancy of the underlying prices prompted continued good activity in Traded options. Contracts done amounted to 1,784, which compares with last week's daily average of 1,294.

The major clearing banks started the new Account in buoyant fashion as renewed support in a market none-too-well suplied with stock produced gains ranging to 18. Sentiment was helped by the fact that tomorrow sees the end of the corset scheme under which the Banking system has laboured for two years, and the interim dividend season is now only a month away. Barclays closed 18 better at 395p xd and Midland and NatWest ended 16 higher at the common level of 378p. Firm merchant banks were featured by a jump of 33 to 456p in Hambros following news of the sharply increased dividend and profits. Mercury Securities, 183p, and Hill Samuel, 106pxd, added 13 and 11 respectively. Marked up 3 late on Friday on the revelation that the Hong Leong Group of Malaysia and Singapore intend to acquire a 51 per cent stake in the company at 39p per share, Manson Finance Trust fell 4 to 32p.

Insurances contributed to the firm trend. Double-figure rises were commonplace with Royals closing 19 to the good at 361p and Stewart Wrightson 13 up at 218p.

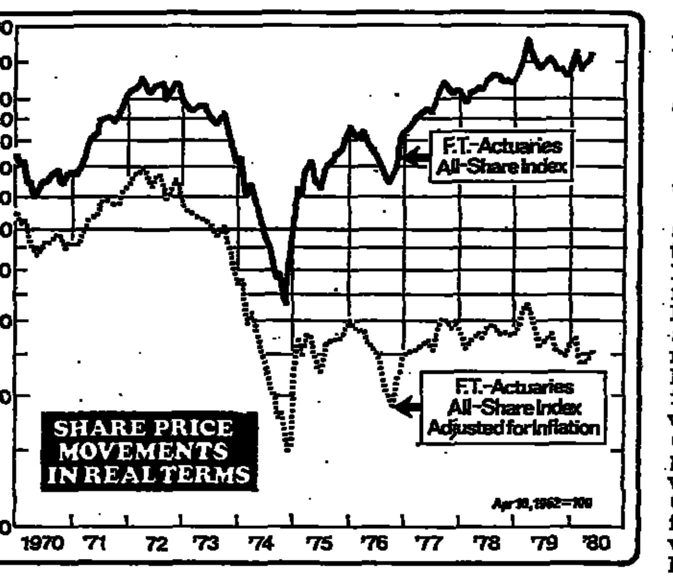
Breweries and kindred issues were firm across the board following increased institutional activity. Bass, 232p, and Whitbread, 161p both jumped 7, while Arthur Guinness, Friday's fall on the disappointing interim statement, rallied 3½ to 93p xd. Regional issues also made useful progress. Wines and Spirits were featured by Distillers, 5 up at 207p, and Arthur Bell, 6 better at 182p.

Renewed support and the continued absence of sellers left leading Building issues firm. Blue Circle rose 6 to 346p and BPB 5 to 195p, while Costain gained 8 to 158p and the Deferred 10 to 120p. Rises of 8 were seen in Taylor Woodrow, 386p, and Tarmac, 252p; the latter's annual general meeting takes place today. Wimpey, a dull market of late on adverse Press comment, rallied 4 further to 69p. Secondary issues were featured by a jump of 40 to 255p in Newarthill following Press comment on the company's net asset value; Marchwiel added 7 to 90p in sympathy. Brown and Jackson firmed 4 to 136p ex rights, while the new nil paid shares opened at 17p premium and closed at 22½p premium. Housebuilders Barratt Developments put on 4 more to 117p and Gough Cooper gained 3 to 70p.

Trading volume in ICI was relatively thin, but the price rose 10 to 386p. Favourable Press comment lifted Leigh Interests 9 to 146p xd.

Wharf Mill flat

Buyers again predominated in leading Stores which finished with rises to 12. British Home gained that much to 294p for a rise of 14 since the rights issue call and scrip issue were announced on Friday. Mothercare added 6 to 252p, while GUS A picked up 8 to 422p. House of Fraser bucked the general trend however, easing a couple of pence to 129p in front of Thursday's annual meeting where Lonrho is to press for a higher dividend and Board changes; Lonrho firmed 5 to 95p. Among secondary issues, speculative attention was again directed towards Polly Peck on hopes of an asset injection and the shares advanced 12 to 83p. Ratners added 3 to 58p, while House of Lerose were marked 7 higher at 68p. Mail-orders also turned firmer with Empire gaining 8 at 142p, and Freemans improving 6 to 118p. Retail furnishers Wharf Mill provided an outstanding flat spot by plumetting 10½ to 33p on nervous selling in a thin market ahead of preliminary results due later this month.



Strong support prompted spectacular gains among Electricals. GEC advanced 14 to 385p, while Thorn-EMI rose 12 to 294p. Racal, annual results Thursday, picked up 10 to 264p. Ferranti again responded to bid prospects and jumped 8 more to 558p, while similar gains were recorded in Electrocomponents, 548p, Unitech, 297p, and Telephone Rentals, 223p. MK Electric improved 9 to 185p on annual profits better than the market had feared. Speculative support was again shown for Automated Security, 13 up at 280p, and for AB Electronic, 12 higher at 170p.

Engineering leaders started the new Account in the same firm manner as they had finished the old. Hawker were again well to the fore, adding 10 afresh to 204p, while GKN rose 8 to 253p and Tubes 6 to 278p. Secondary issues were featured by a leap of 25 to 160p in Vosper on nationalisation compensation hopes, while Staveley Industries, a firm counter last week following the strong second-half recovery, rose 13½ to 211p xd. Buying ahead of preliminary statements, both due on Thursday, left Baker Perkins up 5 at 78p and British Steam Specialists 4 dearer at 127p. Haden Carrier advanced 6 to 128p.

The Food sector contributed to the generally firm trend with Unigate reviving with a gain of 7 to 127p. United Biscuits firmed 4 to 81p, while Northern, still reflecting excellent interim results, added 7 more to 141p. Among Supermarkets, J. Sainsbury rose 9 to 385p xd, while buying ahead of preliminary results due tomorrow, lifted Tesco a penny to 62p. Increased buying was noted for Fitch Lovell which gained 6 to 80p and Bejam, 3 to the good at 78p. The appearance of a persistent solitary buyer lifted Batleys of Yorkshire 10 to 49p.

Publicity given to a broker's bullish circular helped Grand Metropolitan to a gain of 6 at 153p. Trusthouse Forte firmed 11 to 190p and Ladbroke 8 to 174p.

Portals good

Renewed hopes of an early reduction in interest rates attracted fresh investment funds into the miscellaneous industrial leaders. Sentiment in the later trade was additionally buoyed by the better-than-expected Trade returns for May. Further consideration of the results helped Pilkington jump 17 to 223p, while Metal Box, still drawing strength from last week's good figures, added 12 more to 300p, after 302p. Boots rose a like amount to 210p, Glaxo advanced 10 to 226p and Bowater 8 to 179p. Elsewhere, Portals closed 44 higher at 341p, in response to Press comment and WGI jumped 18 to 110p following the preliminary results. Ferguson Industrial, 8 up at 94p, also responded to trading news, while National Carbonising improved 6 to 144p on the increased dividend and profits and the proposed 100 per cent scrip-issue. Powell Duffryn added 8 to 186p on an investment recommendation, while Smiths Industries came in for support at 208p, up 12. Bid hopes lifted Sharna Ware 7 to 172p, while James Wilkes revived with a rise of 6 to 60p. Dull of late after the disappointing debut last week of its South West Consolidated Minerals subsidiary, Dundonian rallied 8 to 72p xd. By way of contrast, Lesney fell 3 to 15p on the ommission of the final dividend and the £3.6m pre-tax loss.

Motor components continued to make headway despite the gloomy outlook predicted for the sector. Dunlop firmed 3 more to 79p on Press comment, while Dowty, 201p, and Lucas, 209p, rose 10 and 5 respectively. Further consideration of the annual results was good for a rise of 4 to 92p in Jonas Woodhead. Increased full-year profits from Godfrey Davis were outweighed by Europcar's partial offer being referred to the Monopolies Commission and the close was down 11 more at 142p. Other Distributors turned firmer, Henlys added 5 to 70p, while option business helped BSG to a gain of 2 at 16p. ERF firmed 7 to 68p in front of preliminary results on Thursday.

Candecca up

Optimism that interest rates will soon fall encouraged fresh demand for Properties, but gains were exaggerated by stock shortage. Among the leaders, Land Securities rose 6 to 330p, while the new nil paid shares put on 5 to 68p premium. Stock Conversion gained 14 to 420p and British Land 5 to 87p. Buying ahead of today's annual results lifted Bradford 8 to 184p.

Business in Oils was reduced, but the trend was still firm. British Petroleum were supported again and rose 10 to 380p, after 382p, while Shell firmed 6 to 410p. Ultramar added 8 to 380p helped by a favourable Press mention. Candecca put on 16 to 180p following the £5.78m cash call proposal, while buying in a market none-to-well supplied with stock lifted Silkolene 18 more to 200p.

Dawson International, 6 up at 107p, provided a rare occurrence in Textiles by announcing better-than-expected annual results and a confident outlook. In sharp contrast, Sidlaw remained depressed by the suprise half-time loss and shed 10 more to 96p.

Tins marked up

Mining issues made a quiet start to the new trading Account. The companies in the reorganised Malaysia Mining Corporation group returned to the market after their recent suspension; share prices were raised in line with Far Eastern dealings, but trading was light.

New highs were recorded in Tins by Southern Kinta, at 330p, Southern Malayan, at 525p, and Malayan Tin Dredging, at 800p, all in the MMC group. Gopeng added 35 to 420p on hopes of a similar reorganisation among other Malaysian tin companies.

South African Golds lost ground with the bullion price, which slipped to $595, and the Gold Mines index fell 7.7 to 333.2. Fears of civil unrest on the anniversary of the riots in Soweto sparked some selling from the Continent in the morning, but the shares soon steadied and remained at early levels throughout the day.

Among the heavyweights, Buffels lost ¾ to £16¼, and East Driefontein and Hartebeest were both ¾ lighter at £11¼ and £29¼ respectively. Stilfontein and Venterspost were outstanding among the lower-priced issues, with the former falling 30 to 716p and the latter 31 down at 694p.

South African Financials were largely untested and closed only slightly easier where changed. London Financials were also quiet, with little buying interest. Charter Consolidated ended unchanged at 149p, as did Tanks, 288p, and Rio Tinto-Zinc, 402p. Consolidated Gold Fields dipped 5 to 478p. The only bright spot was Selection Trust, 14 better at 684p on weekend Press comment.

Australians met some demand for all leading stocks, including gold shares, but signs of profit-taking developed later in the day.

FINANCIAL TIMES STOCK INDICES

—	June 16	June 13	June 12	June 11	June 10	June 9	A year ago
Government Secs.	69.58	68.41	68.28	68.03	68.17	68.22	70.60
Fixed Interest	69.70	68.99	68.81	68.64	68.61	68.76	72.44
Industrial	467.6	456.5	448.5	446.9	440.3	464.4	468.9
Gold Mines	333.2	340.9	329.0	327.4	331.5	339.9	186.2
Ord. Div. Yield	7.58	7.82	8.00	8.03	8.14	8.24	6.11
Earnings Yld. % (full)	18.46	18.97	19.28	19.34	19.61	19.88	16.08
P/E Ratio (net) (*)	6.59	6.42	6.31	6.29	6.20	6.12	7.95
Total bargains	26,755	21,642	21,168	18,093	20,240	20,047	—
Equity turnover £m	—	152.28	126.13	96.69	120.98	95.72	74.89
Equity bargains total	—	17,256	16,923	14,017	14,508	13,992	13,517

10 am 463.4. 11 am 465.4. Noon 464.5. 1 pm 465.3.
2 pm 466.5. 3 pm 466.8.
Latest Index 01-246 8026.
*Nil=6.17.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.58 (16/6)	63.85 (7/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.70 (16/6)	64.70 (10/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

NEW HIGHS AND LOWS FOR 1980

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	57	55	70	[illegible]	[illegible]	[illegible]	[illegible]
BP	360	30	41	48	—	[illegible]	[illegible]	
BP	390	13	56	28	[illegible]	[illegible]	[illegible]	
BP	420	4	16	17	[illegible]	[illegible]	[illegible]	
Com. Union	140	7	7	12	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	160	1	20	4	[illegible]	[illegible]	[illegible]	
Cons. Gold	500	14	10	38	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	60	10½	15	15	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	70	4	38	8	[illegible]	[illegible]	[illegible]	
GEC	360	29	4	44	[illegible]	[illegible]	[illegible]	[illegible]
GEC	390	8½	21	26	37	[illegible]	[illegible]	
Grand Met.	120	34	3	36½	—	[illegible]	[illegible]	[illegible]
Grand Met.	130	24	10	27½	[illegible]	[illegible]	[illegible]	
Grand Met.	140	14	53	19½	[illegible]	[illegible]	[illegible]	
Grand Met.	160	3½	59	9½	100	[illegible]	[illegible]	
ICI	330	60	25	72	—	[illegible]	[illegible]	[illegible]
ICI	360	32	88	43	—	[illegible]	[illegible]	
ICI	390	9	53	22	16	[illegible]	[illegible]	
ICI	420	2	—	9	38	[illegible]	[illegible]	
Land Secs.	293	42	40	55	—	[illegible]	[illegible]	[illegible]
Land Secs.	323	14	82	33	48	[illegible]	[illegible]	
Land Secs.	353	3	—	15	28	[illegible]	[illegible]	
Marks & Sp.	80	15	13	19	—	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	6	70	11½	59	[illegible]	[illegible]	
Marks & Sp.	100	2	7	6	[illegible]	[illegible]	[illegible]	
Shell	360	58	2	70	—	[illegible]	[illegible]	[illegible]
Shell	390	29	32	46	[illegible]	[illegible]	[illegible]	
Shell	420	10	109	25	[illegible]	[illegible]	[illegible]	
Totals			929		453	[illegible]	[illegible]	

Option	Ex'rcise price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
Imperial Gp.	70	14	39	15	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp.	80	6	35	8	[illegible]	[illegible]	[illegible]	
Imperial Gp.	90	1½	10	3	[illegible]	[illegible]	[illegible]	
Lonrho	80	17½	—	20	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho	90	9½	10	12½	[illegible]	[illegible]	[illegible]	
Lonrho	100	5	1	8½	[illegible]	[illegible]	[illegible]	
Racal Elec.	220	43	20	56	[illegible]	[illegible]	[illegible]	[illegible]
Racal Elec.	240	27	40	40	[illegible]	[illegible]	[illegible]	
Racal Elec.	260	14	57	27	[illegible]	[illegible]	[illegible]	
RTZ	360	57	3	77	[illegible]	[illegible]	[illegible]	[illegible]
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
RTZ	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			[illegible]		[illegible]		[illegible]	

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
GEC	25p	10	385	+14	388	326
BP	25p	9	380	+10	412	320
Burmah Oil	£1	8	228	+ 6	249	162
ICI	£1	8	386	+10	402	348
RTZ	25p	8	402	—	485	327
Shell Transport	25p	8	410	+ 6	410	314
Barclays Bank	£1	7	395xc	+18	395	327
Boots	25p	7	210	+12	210	158
Brit. Home Stores	25p	7	294	+12	294	226
Dalgety	£1	7	255	+ 5	302	242
Glaxo	50p	7	226	+10	260	182
GKN	£1	7	253	+ 8	279	230
Marks & Spencer	25p	7	94	+ 2	96	77
NatWest Bank	£1	7	378	+16	378	305
Unilever	25p	7	460	+10	480	388

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6
Jul. 7	Jul. 18	Oct. 9	Oct. 20

For rate indications see end of Share Information Service

The Option market attracted a good level of business with calls arranged in Dunlop, Premier Oil, Johnson and Firth Brown, Grand Metropolitan, Silvermines, Heywood Williams, Charterhall, Tricentrol, Brocks, Endeavour, Dundonian, European Ferries, House of Fraser, Sutcliffe Speakman, F. H. Lloyd, Shaw Carpets, Illingworth Morris A, BSG, Howard Machinery, Hongkong Banking, KCA, Ladbroke Warrants, Duple, Rugby Portland Cement, Comfort Hotels, Jenkins and Purser, British Land, Candecca and Town and City. Puts were done in Polly Peck, House of Fraser, Hawker Siddeley and New Throgmorton Warrants, while doubles were completed in Hawker Siddeley, Glaxo, Wedgwood, House of Fraser, Courtaulds and Burmah.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FIXED INTEREST PRICE INDICES

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	48.9	52.6	+0.2	1.90
Abbey Capital	38.4	41.5	+1.1	6.06
Abbey General	49.9	53.4	+0.4	5.83
Abbey Gilt & F.I. Tst.	107.9	113.6	+1.6	9.45
Abbey Income	42.7	46.2xd	+0.9	8.73
Abbey Intl. Bd. Tst.	95.4	100.9xd	+0.4	5.45
Abbey Inv. Tst. Fnd.	39.7	42.9	+0.6	5.96
Equitas Prog. Trust	73.2	79.1	+1.6	5.66

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	85.1	90.8xd	.....	12.48

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied Tst.	80.5	86.1	+2.4	6.16
Brit. Inds. Fund	71.3	76.5xd	+2.0	6.82
Growth & Income	44.5	47.6	+1.6	5.84
Elect. & Ind. Dev.	39.2	41.9	+1.3	5.85
Allied Capital	82.1	87.8	+2.6	5.30
Hambro Fund	121.5	130.0xd	+3.7	6.68
Hambro Acc. Fund	154.0	164.8	+4.9	5.46

Income Funds

High Yield Fd.	65.3	69.9	+1.4	10.37
High Income	71.9	76.9	+1.8	7.93
A. H. Eq. Inc.	42.2	45.2	+1.1	8.03
Govt. Secs.	24.8	25.4	+0.1	8.86

International Funds

International	29.3	31.4	+0.3	3.44
Pacific Fund	49.8	53.3	+0.2	2.30
Secs. Of America	59.2	63.3xd	+0.5	2.84

Specialist Funds

Smaller Co.'s Fd.	48.6	52.0	+0.4	4.81
2nd Smlr. Co's Fd.	57.2	61.2	+1.2	4.79
Recovery Sits.	118.5	126.8	+3.3	6.59
Met. Min. & C'dty.	59.9	64.1	+1.5	4.60
Overseas Earnings	57.9	61.4xd	+1.9	6.01

Exempt Funds

Far East Exempt	56.2	58.4xd	+0.2	3.03
Smaller Co. Exempt	75.3	79.1	+1.1	5.06
U.S.A. Exempt	103.8	107.9	+0.9	3.24

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	55.6	59.9	.....	6.32

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. June 13	198.2	211.4xd	.....	5.93

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.64
Gt. Winchester O'seas	20.9	23.0	.....	4.79

Emson & Dudley Tst. Mngmt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	74.1	79.7	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	78.4	82.5	+2.6	5.11

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4892

American	24.3	25.6	+0.3	1.00
Fixed Interest	25.1	26.5	+0.2	13.01
Growth + Income	30.5	32.2xd	+0.8	7.80
Special Sits.	30.6	32.3	+1.2	2.91

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.8	31.0	.....	2.13
Accum. Units	35.4	38.1	.....	2.13
J. Finlay High Income	31.5	33.9	.....	10.72
J. Finlay Euro.Fin.	21.0	22.6	.....	3.99
Accum. Units	26.2	28.2	.....	3.99
J. Finlay Fd. In. Tst.	33.8	36.3	.....	5.62
Accum. Units	41.7	44.8	.....	5.62

Prices on June 11. Next dealing June 18.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5ND. 01-628 5181

American June 16	52.0	55.6	+0.4	1.19
Am. Tr'mend June 16	50.8	54.2xd	-0.8	2.00
Capital Tst.	53.0	56.6	+0.8	5.46
(Accum. Units)	53.8	57.4	+0.8	5.46
Extra Income Trust	49.4	52.8	+1.8	10.19
Income Tst.	37.0	39.4xd	+1.0	8.79
Int. Growth Fd.	44.8	47.8xd	+0.8	2.37
(Accum. Units)	47.6	50.8	+0.8	2.37

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	52.0	55.6xd	+2.3	4.84
Do. Accum.	73.3	78.3	+1.9	4.84

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital June 5	118.5	120.3	.....	5.54
Gross Inc. June 5	74.9	77.7	.....	11.71
High Yield June 5	86.2	87.0	.....	10.87

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	117.5	124.9	.....	3.40
Do. Acc.	147.6	157.0	.....	3.40
G.T. Inc. Fd. Un.	169.8	180.6	.....	9.00
G.T. U.S. & Gen	137.5	145.4	.....	2.60
G.T. Wld. Bd. Fd.	93.1	96.9	.....	5.70
G.T. Japan & Gen.	74.6	78.9	.....	3.20

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

160	107	Sth. Rhod. 2½pc '65-70	153	+3	—	—
169	133	Do. 6pc '78-81	169	+5	—	—

LOANS

Public Board and Ind.

61½	56½	Agric. Mt. 5pc '59-89	61xd	+1½	8.15	12.16
80	73½	Alcan 10½pc '89-94	75½xd	+1½	13.91	14.78
28½	25	Met. Wtr. 3pc 'B'	28¼	+½	10.94	12.99
103	89	U.S.M.C. 9pc 1982	101½xd	+3	8.87	—
92	85½	Do. without Warrants	88½xd	+1½	10.17	13.60

LOANS—Continued

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

250	183	Alexanders D. £1	233	......	16.0	—	9.8	—
£76½	£56	Algemene Fl.100	£63¾	......	Q25%	1.9	7.9	6.8
365	290	Allen Harvey £1	330	......	21.5	—	9.3	—
128	96	Allied Irish	108	+2	Q8.93	—	8.0	—
17	13	Ansbacher (H.) 5p	14½	......	0.15	—	1.5	—
235	180	Arbuthnot L. £1	207	-3	†10.42	—	7.2	—
360	280	Bk. Ireland £1	285	......	Q23.51	—	8.0	—
£162	£134	Do. 10pc Conv.	£138	+4	Q10%	—	†7.4	—
*8	5	Bk. Leumi $0.1	6	......	Q014%	—	22.1	—
120	100	Bk. Leumi (UK) £1	128	......	8.57	—	10.7	—
178	135	Bk. N.S.W. $A1	141xd	+3	Q16c	ϕ	5.8	ϕ
305	235	Bank Scotland £1	263	-2	15.0	5.1	8.1	3.3
£21¾	£16¼	Bankers N.Y. $10	£21¾	+½	Q$3.30	—	6.8	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	18	......	—	—	—
100	52½	Bond Corp.	100	......	h02.8c	2.2	1.4
156	88	Bougainville I Kina	125	+1	h026.2c	1.0	11.6
265	195	BH South 50c	200	......	♦—	—	—
25	17½	Canada Northwest	20½	......	—	—	—
42	8	Carr Boyd 20c	32	......	—	—	—
£30	£15¾	Central Pacific	£29	......	—	—	—
356	230	Conzinc Riotinto 50c.	274	+4	Q15c	2.1	2.8

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	180	+20	—	—	—
97	56	Barymin	57	−3	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
502	320	Cons. Murch. 10c.	320	......	hQ100c	1.8	18.6
180	135	††Hemerdon 10c.	132	......	—	—	—
585	325	Northgate C$1	405	+5	—	—	—
485	327	R.T.Z.	402	......	15.0	3.2	5.3
33	16	Robert Mines	23	......	—	—	—
58	26	Sabina Inds. C$1	30	−1	—	—	—
50	44	††SWCM 10p	50	+4	—	—	—
650	411	Tara Expln. $1	460	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ɸ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	29	......	Conv. 9% '80/82	£89⅝	+¼
Bertam	17	......	Nat. 9¾% 84/89	£79½	+⅝
Bdg'wtr. Est. 50p	415	−5	Fin. 13% 97/02	£88	+1
Clover Croft	60	......	Alliance Gas	45	......
Craig & Rose £1	£18½	......	Arnott	360	......
Fife Forge	32½	......	Carroll (P.J.)	57xd	+4½
Finlay Pkg. 5p	18	......	Clondalkin	118	......
Graig Ship. £1	£14½	......	Concrete Prods.	75	......
Higsons Brew	75	......	Heiton (Hldgs.)	33	−1
Holt (Jos) 25p	250	......	Ins. Corp.	245	......
I.O.M. Stm. £1	187	+2	Irish Ropes	55	......
Pearce (C. H.)	455	......	Jacob	35	......
Peel Mills	40	......	T.M.G.	75	......
Sheff. Refrshmt	103	......	Unidare	95	......
Sindall (Wm.)	143	−5			

OPTIONS
3-month Call Rates

Industrials					
		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4	**Property**	
Babcock	8	Ladbroke	15		
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lots"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5		
Debenhams	8	Nat. West. Bank	27	Brit. Petroleum	32
Distillers	17	P & O Dfd.	18	Burmah Oil	20
Dunlop	7½	Plessey	14	Charterhall	10
Eagle Star	15	Racal Elect.	22	KCA	11
F.N.F.C.	2¼	R.H.M.	4½	Premier	13
Gen. Accident	21	Rank Org.	15	Shell	35
Gen. Electric	30	Reed Intnl.	16	Tricentrol	40
Glaxo	18	Sears	5	Ultramar	35
Grand Met.	32	Tesco	6		
G.U.S. 'A'	34	Thorn	23	**Mines**	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

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FINANCIAL TIMES
Tuesday June 17 1980

Sir Keith softens line on aid for industry

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A SLIGHT *softening* in the approach of Sir Keith Joseph, Industry Secretary, towards the provision of State financial aid to industry emerged yesterday at a meeting of the National Economic Development Council.

He acknowledged that industrial aid could usefully help to encourage worthwhile ventures. But he was told by Mr. Len Murray, TUC general secretary, that "more ambulances" would be needed to help ailing companies unless the Government changed its policies.

In a paper presented to the council, Sir Keith first acknowledged that the Government might need to continue to provide aid to encourage the introduction of new tech*nologies, even when industrial* competitiveness and profitability has improved.

He also admitted that some industrial aid schemes "probably bring higher productivity and newer technology than would have been achieved had the subsidy money been left in *the citizens' pocket and handbag."*

In addition, he said that left to himself, the private investor was "likely to underinvest in state-of-the-art research from the point of view of society in general."

These statements mark a considerable shift in Sir Keith's attitude during the past year, because he began his period as Industry Secretary determined that industrial aid could be of no lasting value.

However, his remarks do not indicate any rapid change of policy on projects like the Inmos microchip venture. He emphasised that "subsidies can also frustrate changes." He pointed out that some European countries "are also becoming disillusioned with measures of support which inhibit long-term adjustment and are increasingly favouring across the board policies."

The TUC welcomed the view that some aid was "inescapable and even desirable," and Mr. Murray said that "unless Sir Keith accepts the logic of his paper, there will have to be more ambulances."

CBI leaders approved of the Government's basic opposition to aid but said that it should not be run down too fast in the present state of the economy.

*This reflects growing con*cern that companies' investment and research programmes are being cut because of the recession, which will make them less competitive when the economy improves. The CBI is not calling on the Government to introduce new selective aid schemes, but there is a growing feeling in major companies that more encouragement should be given to research and development. As Sir Keith's remarks show, he is not so opposed to this as he is to providing subsidies for ailing companies.

The CBI also said there should be more Government support to encourage mobility of labour and high technology.

Germany spends more on *research, Page 8*

Lesney to make 750 redundant after £3.6m loss

BY ROBERT COTTRELL

LESNEY PRODUCTS, maker of Matchbox toys, yesterday announced another 750 redundancies and a boardroom reshuffle after disclosing a £3.6m loss for 1979.

The loss, which the company blames on the strength of sterling and high interest rates, compares with a £5.1m profit in 1978, and is worse than the market expected. Extraordinary *items* increased the loss attributable to the group to £4.7m. No dividend is being paid.

Lesney's borrowings approach £40m, compared to £21.3m in 1979, with much of the money needed to finance rising stocks.

Mr. Leslie Smith, a founder of the *group, is to step down* as chairman, though he will remain chief executive. Mr. Gordon Hay, chairman of the Duple vehicle group, joins the Board as chairman, and Mr. Maurice Alberge, formerly with the Aspro-Nicholas pharmaceutical group, is appointed finance director.

Lesney's problems reflect the depressed state of the British toy industry. In the last year Airfix Industries has closed its Meccano factory in Liverpool, *Dunbee-Combex-Marx went into* liquidation, while Triang Pedigree and Berwick Timpo have both cut their workforces.

In January Lesney announced plans to make about 1,500 of its 7,500 workers redundant, when it had become clear that the market would not support the higher output planned early in 1979. A further 750 redundancies are now on the way.

Costs

The company has provided £1.4m against redundancy costs and further rationalisation in the current year. The product range will be maintained.

In common with other British toymakers, Lesney has been particularly hard hit by ster*ling's strength. More than four*fifths of its UK-made products are exported. Overseas, it sustained severe losses in the U.S. Lesney plans to cease operating in Japan, and to sell into the Japanese market from Singapore.

Mr. Smith said the boardroom changes were the result of internal initiatives. The group retained a "good relationship" with its bankers and hoped to reduce borrowings this year. Lesney hopes to be trading profitably in 1981.

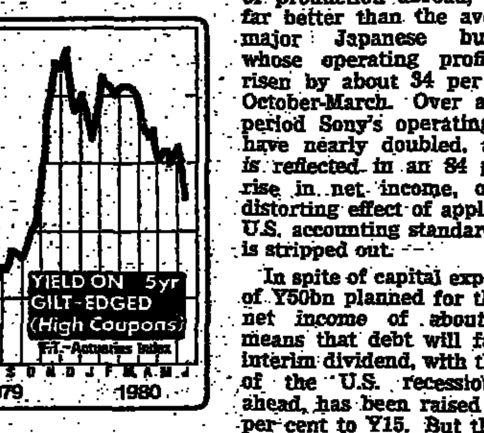
Results, Page 22

THE LEX COLUMN

Another tap is drained dry

The day opened for the gilt-edged market with the news that the medium tap Exchequer 13½ per cent 1994 had been sold out, which at £40 paid implies another £300m or a *little* more of funding has been achieved in time for the June make-up day. It closed with some surprisingly good May trade figures, and while the progress of the current balance is these days regarded by the market almost as an irrelevance, the news of the first monthly surplus of the year did serve to revive temporarily flagging prices and send closing gains in gilt-edged—especially in the shorts—to around 2 points. The FT *Government* Securities Index broke through to a new 1980 peak, and now stands at its highest since last October.

Index rose 11.1 to 467.6



Equities fully shared in the enthusiasm, and all the main FT-Actuaries indices reached new highs for the year. The All-Share Index now stands within 6 per cent of the all-time peak recorded in May last year (although the Industrial Group, missing oils and financials, is more like 13 per cent off its all-time high).

The danger in this stock market upsurge continues to be its dependence upon footloose foreign money, again reported by brokers to be prominent in yesterday's gilt-edged dealings. The funding totals look encouraging—and the exhaustion of the tap means that calls of approaching £600m are in the pipeline for July—but it will do nothing to reduce sterling M3 if foreigners' money is simply being shifted out of overseas sterling balances into gilts. Still, there is now strong pressure on the authorities to introduce the short tap stock which was expected last Friday but never came.

Hambros

The financial profile of Hambros is increasingly being dominated by the remarkable performance of its 45 per cent owned offshoot, Hambro Life. Yesterday, the group announced a 51 per cent increase in its annual dividend—a payment which is entirely covered out of dividend receipts from the life company and, to a much smaller extent, from the 44 per cent owned associate Berkeley Hambro. The market value of its holdings in these two associates is roughly equal to that of Hambros as a whole, which must be a sobering thought for the bankers in the business who boast a balance sheet total of about £1½bn.

Yet their morale will have been boosted by a sharp rise to £3.1m in disclosed profits from the banking side. Gilt-edged dealing produced much lower returns than a year ago—but then there was also a large transfer to inner reserves to compensate for earlier shipping losses. This year's transfer is of more *normal proportions, and the pattern should be* steadier from now on. Disclosed banking profits are still not much more than half the level of 1974-75 in money terms. But the bonanza of the life business gives the banking side a major advantage, which is that it can retain all its profits.

Group policy in normal circumstances is to pass dividend income from associates straight through to its own shareholders. The outlook for Hambro Life is buoyant — brokers Laing and Cruikshank recently forecast dividend growth averaging 26 per cent a year in the three years to 1982 — which in turn provides a healthy background for Hambros shares. They yield 5.3 per cent at 456p, up 33p yesterday.

Sony

In the last four weeks the yen has continued to strengthen, from about US$230 to $215.9 yesterday, but it still seems well below the levels which would cause serious difficulties for Japanese exporters. Sony's figures for the second quarter show that while sales of videotape recorders, the product that has brought the company back into favour with international investors, were strong, sales of bread-and-butter TV sets, where price and quality count for more than the newness of the technology, *were stronger still.* In the first half total sales for the consolidated group have risen by nearly half, representing a volume gain of more than 30 per cent.

Sony, which sells two-thirds of production abroad, is doing far better than the average of major Japanese businesses, whose operating profits have risen by about 34 per cent in October-March. Over a similar period Sony's operating profits have nearly doubled, and this *is* reflected in an 84 per cent rise in net income, once the distorting effect of applying the U.S. accounting standard FAS 8 is stripped out.

In spite of capital expenditure of Y50bn planned for this year, net *income* of about Y60bn means that debt will fall. The interim dividend, with the worst of the U.S. recession lying ahead, has been raised only 20 per cent to Y15. But the recession will have to be extremely deep to damage growth prospects for a new product like the VTR. The share price rose Y50 yesterday to Y2120, a multiple of only 7½ times prospective earnings.

Dawson International

Profits from Dawson International climbed 12 per cent last year to £18.24m, after a first full contribution of around £3.4m from Haggas, net of financing costs. Taking out profits of around £1.1m provided by the acquisition in the previous year, it is clear that Dawson has slipped slightly after currency conversion losses of around £2m for the group as a whole.

But the volume picture is brighter. The luxury end of the textile market is demonstrating its demand inelasticity and, thanks to aggressive international marketing, Dawson has been able to push up unit sales by 8 per cent (14 per cent on the *knitwear* side) and the improvement, if anything, is accelerating in the current year.

The hope now is *that* Haggas will respond to Dawson's export success and it is possible that the group will make £20m pre-tax this year. The shares have risen steadily over the past week or so and added a further 6p yesterday to reach a 1980 high of 107p, for a yield of 10.4 per cent.

The rating is still cautious. The prospective fully taxed and diluted p/e is 6.1 and relates more to the problems of the industry as a whole than to Dawson's specialist virtues. Memories of the group's past cyclical vulnerability remain, *but the difference this time is* that liquidity is very strong at £21m, or 37p per share.

Iran retrieves gold stocks worth $300m

BY ANDREW WHITLEY IN TEHRAN AND DAVID MARSH IN LONDON

IRAN HAS unobtrusively transferred all its stocks of gold unaffected by the U.S. freeze on its assets back to Tehran over the past five months. About 14 tonnes of gold worth nearly $300m at current prices is involved.

The gold was taken back from Britain, France, West Germany and possibly other Western countries, though this could not be confirmed.

It is thought in London that Iran has taken these steps to *protect itself against the pos*sibility of a further freeze on overseas assets as part of Western action over the U.S. hostages.

The lion's share of these withdrawals appears to have been from London. UK Customs and Excise figures show that Iran withdrew around nine tonnes of gold — worth about $69.2m—from Britain in April. This took total Iranian withdrawals from the UK during the first four months of this year to 13.4m tonnes worth $112.7m.

However, in an apparently contradictory move, it was learnt in Tehran yesterday that during the past two weeks the Iranian Central Bank issued instructions for a "significant" amount of its foreign exchange reserves to be transferred back *to Britain.*

Although no details were available of the amounts involved, it was said to have been a "mark of confidence" in Britain's strictly limited interpretation of economic sanctions, which exclude any freeze on assets. Another explanation could be the current high interest rates available on sterling deposits in Britain.

Latest figures from the International Monetary Fund, dating *to the end of last year,* put Iran's official gold holdings at about 120 tonnes, worth roughly $2.34bn at present prices. Its foreign exchange holdings are put at $15bn.

Iran's labour problems, Page 3; *Pipeline talks with Russia,* Page 6

Chairman of MK resigns

By Alan Friedman

MR. GORDON HAZZARD, *group managing director of* MK Electric, Britain's largest maker of electric wiring accessories, has resigned after what he described as "differences in both policy and style."

At the same time, the company, which yesterday announced a drop in pre-tax profits from £8.3m to £7.1m for the year to March 29, said Mr. Hazzard's departure was for "personal reasons."

One factor at the centre of the row is MK's plans for expanding its overseas business.

"There were a number of differences I had with my colleagues on the board. Among them was the question *of our policy of overseas* development, which I thought could move faster," Mr. Hazzard said.

In addition, as the group's only executive director, he might have had some "difficulties in communicating with our operations people," he said.

MK, with 55 per cent of the UK market for electrical wiring accessories, makes equipment to UK specifications only. But it has been considering a move into electrical goods which meet foreign standards.

Timing doubt

Mr. David Robertson, chairman, said yesterday there was general agreement that overseas expansion should go ahead, but the timing was uncertain.

Mr. Hazzard said he regretted not having been *able to pursue the expansion.* "I wanted to take a bit of a flier and this view was not shared by all of my colleagues. Some of my proposals in this area were rejected by the board."

*MK also announced yester*day the appointment of three new executive directors. They are Mr. Michael Dowsett, who becomes managing director of MK Electric, Mr. Roger Hutchins, who takes over as managing director of Ega Holdings, and Mr. Eric Race, who becomes group financial controller.

Results, Page 22

NATO chief attacks Belgian weakness

BY GILES MERRITT IN BRUSSELS

THE BELGIAN Government has been rebuked by Dr. Joseph Luns, NATO's Secretary-General, over the dwindling level of its military contribution to the alliance. Officials in Brussels expect Belgium's commitment to the alliance to be keenly questioned at the North Atlantic Council's ministerial meeting in Ankara on June 25-26.

The concern communicated by Dr. Luns to M. Wilfried Martens, the Belgian Prime Minister, at a private meeting here is understood to reflect resentment on the part of a number of NATO partners at Belgian policy on both conventional and nuclear defence.

The decline in the country's level of military contributions to NATO has been further underlined by its reluctance to give final confirmation on the siting here of some of the Cruise and Pershing 2 theatre nuclear missiles to be deployed by NATO.

A statement on the siting of Cruise missiles in the UK is expected from Mr. Francis Pym, the Defence Secretary today.

The details of Belgium's lack of preparedness on the conventional military side that have leaked out here suggest *that M. Martens has come under* considerable pressure from both Dr. Luns and from other alliance members.

Revelations of shortcomings by both the army and air force coincide with a public threat by *M. Charles Poswick, who has* been Defence Minister for less than a month, to resign if senior military commanders carry out their threat to quit. They say they will do this if forces are cut further.

M. Poswick's stance stems from a 2.2 per cent defence spending cut proposed in the Government's latest austerity budget, and a decision to rule out any supplementary credits for the armed forces.

Among a worrying list of shortcomings currently being publicised in Brussels, two broad items appear to be causing the greatest concern.

First, and thanks partly to a shortage of trained pilots, combat aircraft are flying only 120 or so hours of operations a year against a NATO training minimum of 180 hours. Second, a 40 per cent reduction in the army's fuel use is alleged to have contributed to rendering one-third of Belgium's 330 Leopard tanks and artillery, and all its personnel carriers, non-operational.

Talks with France on 'rebel island' dispute

BY TERRY DODSWORTH IN PARIS AND DAVID TONGE IN LONDON

BRITAIN AND France are to meet this week to discuss the dispute over the New Hebrides.

Lord Carrington, Foreign Secretary, told the Lords yesterday he was puzzled by the row over Britain's *decision* to send marines to the islands following the secession bid on Espiritu Santo and the attempted rebellion on Tanna.

Britain wanted the meeting "in order that we *may* clarify our *joint* approach to the problems," Lord Carrington said. On the remote islands themselves, the local government said it would today launch peace missions to negotiate with secessionists. It warned that if the talks failed it would resort to force.

In Venice last week Mrs. Margaret Thatcher and President Valery Giscard d'Estaing agreed to act closely together over the troubled condominium. But the rivalries which have tormented the islands since the days of the explorers Bougainville and Cook continued yesterday with the French accusing Britain of breaking ranks by sending the marines.

The islands' independence, set for July 30, might now have to be delayed, French officials said. This echoed British views following the troubles on the islands.

Nonetheless, Britain would like independence to come as soon as possible, while the French appear happy to mark time. The elected government of Father Walter Lini favours limiting the rights of the mainly French owners of coconut plantations, and has come out in support of the independence movement on the near-by French nickel-rich island of New Caledonia.

The French have prepared to keep an imposing presence on the islands and have deployed an army of teachers to maintain their cultural influences. Last week they sent in 60 policemen for 24 hours duty, but then withdrew them.

They now say they were surprised at the number of British marines sent to deal with a situ*ation where they favour negoti*ations with Mr. Jimmy Stevens, the rebel leader, who has the backing of right-wing Americans who claim to be combating Communism.

Parliament, Page 10

Continued from Page 1

New tap stock

returns on UK gilt-edged stocks at present and the prospect of capital gains if interest rates should drop.

This overseas demand has drawn in domestic investors who are reluctant to be left out of the market if prices are about to rise sharply. Until now the City has been predominantly optimistic about medium-term *prospects for gilts but fairly* cautious in the short-term. This is because of uncertainty about the timing of any cut in MLR and after the setbacks of the last year.

The sell-out of the 1994 issue means that the Government may have received about £800m from sales of gilt-edged stock in the banking month which ends tomorrow. However, because of the extent that these sales may have been to overseas investors they will not have helped to reduce the rate of domestic monetary growth.

Continued from Page 1

Trade

calculates that of the £1bn deficit in visible trade for the first 5 month of the year, about £700m has been due to adverse movements in silver and the effects of the steel strike.

The Department reckons that the overall trend for import volume so far this year is downwards as a result of the recession-induced drop in demand.

Export volume remains broadly flat, with industry generally holding its own so far on world markets in spite of the strong pound.

Overall import volume in May was about 6 per cent below the level of the first quarter, with big falls in foods and cars.

The volume of fuel imports has fallen by 14 per cent compared with the end of last year, reflecting Britain's move toward self-sufficiency in oil.

Export volume has been affected by *sluggish demand* on overseas markets, but has fallen by less than import volume in the past few months. The volume of manufactured goods exports, excluding erratic items, for instance, in May was *slightly above the level of the* end of last year.

Continued from Page 1

Labour cracks

William Rodgers, shadow Defence Secretary, and the most outspoken opponent of the left within the shadow Cabinet, described the package as "disastrous" and a recipe for splitting the party.

The left seemed scarcely more happy with the compromise, on the grounds that it would undermine the influence of the left-wing dominated national executive and still give Labour MPs the biggest say in electing a leader.

Left-wingers on the commission were yesterday already drafting a minority report to put to the executive which would strengthen the hand of the left on the proposed electoral college. It would mean that the executive retained the final say on the manifesto.

Some Left-wingers were even saying that, if they were unable to get the amendments accepted, it might be better to keep the existing rules for electing the leader and drawing the manifesto and, so sacrifice the principle of an electoral college.

If this view became generally accepted it would represent a major triumph for Mr. Callaghan — though there was little confidence among middle-of-the-road Labour MPs last night that he would succeed in pulling the rug from under the Left completely.

The commission is to meet again on Friday. By then, the drafting committee asked to make proposals on the precise composition of the electoral college should have completed its work.

Weather

U.K. TODAY

SCATTERED showers and sunny periods.

London, East Anglia, Midlands, S.E., Central S., E., Central N. England

Sunny intervals. Max 19C (66F).

S.W., N.W. England, Wales, Channel Is.

Showers, especially on coasts and hills, dying out later. Max. 17C (63F).

Lakes, Isle of Man, N. Ireland, Glasgow, S.W. Scotland

Showers, becoming dry later. Max. 16C (61F).

N.E. England, Borders, Edinburgh and Dundee, Aberdeen, Central Highlands.

Showers, some heavy. Bright intervals. Max 17C (63F).

Rest of Scotland

Rain, dying out. Hill and coast fog. Max. 11C (55F).

Outlook: Continuing unsettled. Rather cool.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	22	72	Chicago	S	16	61	Lisbon	C	21	70	Perth	C	14	57
Algiers	S	26	79	Cologne	R	18	64	Locarno	S	24	75	Prague	C	16	61
Amsdm.	R	15	59	Cpnhgn.	R	17	63	London	C	14	57	Reykjvk.	C	11	52
Athens	S	29	84	Corfu	S	28	82	Luxmbg.	R	16	61	Rhodes	S	27	81
Bahrain	S	40	104	Dublin	R	13	55	Luxor	S	40	104	Rio J'o	S	23	73
Barcina.	S	24	75	Dbrvnk.	S	24	75	Madrid	S	25	77	Rome	S	24	75
Belfast	C	15	59	Ednbgh.	C	17	63	Majorca	S	25	77	Salzb'rg	C	19	66
Belgrd.	F	24	75	Faro	S	22	72	Malaga	S	22	72	Singapr.	S	30	86
Berlin	F	21	70	Florence	F	24	75	Malta	S	32	90	Stckhm.	S	23	73
Biarritz	F	23	73	Frankft.	C	17	63	Mchstr.	R	13	55	Strasb'g	C	20	68
Bmghm.	C	15	59	Funchal	S	22	72	Melbne.	C	16	61	Sydney	S	21	70
Blackpl.	F	13	55	Geneva	S	22	72	Milan	S	25	77	Tangier	S	23	73
Bordx.	C	21	70	Gibrltr.	S	21	70	M'treal	S	16	61	Tehran	S	28	82
Boulgn.	C	16	61	Glasgow	C	14	57	Moscow	C	16	61	Tel Aviv	S	25	77
Bristol	R	15	59	G'msey	S	15	59	Munich	S	21	70	Tenerife	S	24	75
Brussels	F	18	64	Helsinki	S	23	73	Nairobi	S	24	75	Tokyo	C	28	82
Budpst.	F	23	73	H. Kong	S	31	87	Naples	S	24	75	Toronto	S	12	54
B. Aires	C	15	59	Innsbr'k	F	20	68	Nwcstl.	C	16	61	Tunis	S	28	82
Cairo	S	35	97	Invrnss.	C	16	61	N. York	S	18	65	Valencia	S	30	86
Cardiff	R	12	54	I.o.Man	R	13	55	Nice	S	21	70	Venice	S	25	77
Casblca.	F	21	70	Istanbul	C	22	72	Nicosia	S	28	82	Vienna	F	21	70
Cape T.	S	15	59	Jersey	S	16	61	Oporto	F	19	66	Warsaw	R	14	57
				Jo'burg	S	16	61	Oslo	C	20	68	Zurich	F	20	68
				L. Pims.	S	23	73	Paris	C	18	64				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.